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PORT MORESBY

27<sup>th</sup> June 2025

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## 1. GENERAL OVERVIEW

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Economic indicators available to the Bank of Papua New Guinea (the Bank) point to continued growth in the December quarter of 2024. Higher exports of both the mineral and the non-mineral sectors drove growth, supported by an increase in export prices of most commodities. Higher employment and sales are also indicative of this growth. The average daily kina exchange rate depreciated against most of the major currencies, and resulted in a Trade Weighted Index decrease. Headline inflation increased by 0.7 percent, however the underlying inflation remained elevated. The Kina Facility Rate (KFR) was maintained at 150 basis points to 4.0 percent in the December quarter of 2024 in response to inflationary pressures.

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 4.4 percent in the December quarter of 2024. Sales increased in all sectors except the agriculture/forestry/fishing, construction and wholesale sectors. By region, sales increased in all regions, except in the Momase Region (excluding Morobe) and the Highlands region.

The Bank's Employment Index shows that the level of employment in the formal private sector increased by 0.8 percent in the December quarter of 2024. By sector, the level of employment increased in the retail, transportation, mineral, wholesale, manufacturing. By region, the level of employment increased in the Momase (excluding Morobe), Morobe and NCD. Over the year to December 2024, the total level of employment increased by 1.2 percent.

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), in-

creased by 2.7 percent in the December quarter of 2024. Price increases in the Alcoholic Beverages, Tobacco and Betelnut, Miscellaneous, Transport, Communication, Food and Non-Alcoholic Beverages, Clothing and Footwear, Household Equipment, Recreation, and Health expenditure groups. By urban centre, prices increased in all the surveyed centres. Annual headline inflation increased by 0.7 percent in the December quarter of 2024.

In the December quarter of 2024, the average daily kina exchange rate depreciated against all other major currencies except for Australian dollar and the euro. The currency movements resulted in the depreciation of the TWI by 0.5 percent to 27.63 in the December quarter of 2024.

The weighted average kina price of Papua New Guinea's export commodities, excluding LNG, increased by 19.3 percent in 2024. The higher kina export price reflected an increase in international prices for all of PNG's non-mineral export commodities, except for copra and marine products, combined with the depreciation of the kina.

The overall balance of payments recorded a surplus of K238.4 million in 2024, compared to a surplus of K199.3 million in 2023. This was due to a surplus in the current and capital account, which more than offset a deficit in the financial account.

The current account recorded a surplus in 2024 due to a higher surplus in the trade and secondary income accounts, which more than offset deficits in services and primary income accounts. The capital account recorded surplus reflecting higher transfers by donor agencies for project financing.

In the trade account, there was a surplus of K33,978.7 million in 2024, compared to

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a surplus of K26,691.9 million in 2023. The higher surplus was due to an increase in the value of merchandise exports coupled with lower imports.

The deficit in the financial account was due to net outflow of funds from direct and other investments, reflecting related party transactions and build-up in offshore foreign currency account balances of mineral companies, including PNG LNG companies, mainly for investments and external debt service payments. Government external loan repayments also contributed to the net outflow of funds.

The level of gross foreign exchange reserves at the end of December 2024 was K14,663.2 (US\$ 3,665.8) million, sufficient for 6.6 months of total and 10.4 months of balance of payments non-mineral import covers.

The Central Bank maintained a tightening monetary policy stance since September 2024. The Kina Facility Rate (KFR) was maintained at 150 basis points to 4.0 percent in the December quarter of 2024 in response to inflationary pressures.

The average level of broad money supply (M3\*) decreased by 4.1 percent in the December quarter of 2024, driven by 2.3 percent decrease in the average net domestic assets (NDA) of the banking system, which more than offset an increase of 0.9 percent in the average net foreign assets (NFA). The average level of monetary base (reserve money) increased marginally by 0.1 percent in the December quarter of 2024. This reflected an increase in currency in circulation issued by the Central Bank, which more than offset a decline in liabilities to other depository corporations (ODCs) held

at the Central Bank, mainly ESA deposits of commercial banks.

The fiscal operations of the National Government in 2024 recorded a deficit of K3931.3 million. Total revenue and grants in 2024 was K20,826.1 million, 5.1 percent higher than 2023. The higher outcome reflected higher tax and non-tax receipts.

Total expenditure was K24,757.4 million, 0.6 percent higher than spending in 2023. Total operational expenditure was 7.3 percent higher than the 2023 outcome and was driven by increases in Compensation of Employees (COEs) reflecting increased teachers' salaries, village court officials' monthly wages, health workers, and law enforcement personnel.

The total developments expenditure in 2024 was K8,567.9 million, 10.1 percent lower than in 2023. The lower outcome was due to lower capital investment on national and provincial projects.

The budget deficit of K3,931.3 million was financed from external and domestic sources of K2,302.0 million and K1,629.3 million, respectively, which more than offset net external loan repayment of K45.0 million.

Total public (Government) debt outstanding as at the end of 2024 fiscal year was K60,477.5 million, and is 49.4 percent of nominal GDP.

Total Government deposits at depository corporations increased by K109.7 million, between September and December 2024. This reflected placement of government deposits at ODCs.

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## 2. INTERNATIONAL DEVELOPMENTS

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Global growth was driven mainly by the United States, along with China, India and Japan, while the euro area remained subdued. Growth in the United States remained robust, supported by strong consumption. According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) update for January 2025, the global economy is estimated to have grown by 3.2 percent in 2024, while it projects global growth at 3.3 percent for 2025.

In October, the Asia-Pacific Economic Cooperation (APEC) Finance Ministers met in Lima, Peru, under the theme, "Sustainable + Digital + Resilient = APEC", and its priorities, with the focus to encourage the Asia Pacific Region to be more sustainable, more digital, more resilient and more APEC focused. The meeting discussed several policies including a balanced mix of monetary and fiscal policies to address global and regional challenges, with strong multi-lateral cooperation. Ministers welcomed the adoption of a new document to guide the New Finance Ministers' Process Road Map as the Cebu action plan concludes in 2025. The ministers applauded the Policy Support Unit's preliminary review of the Cebu action plan implementation, and their assessment of potential considerations for the new voluntary and non-binding roadmap.

Also in October, global leaders, countries and civil society representatives gathered in Washington, D.C. for the IMF and World Bank Group Annual Meetings, with the theme: "Delivering with Ambition". Among other topics, the two most important topics discussed were agriculture and gender. On agriculture, the World Bank Group aimed to double its agricultural finance and business commitments to USD\$9 billion annually by 2030, with a goal to increase agricultural productivity, income, create jobs, boost

revenue and improve the quality of food and nutrition. This climate smart approach will lead to fewer emissions, cleaner air and water, and overall better quality of life. While on gender, the World Bank Group announced a set of actions and concrete goals aimed to boost economic opportunities for women, including social protection and making capital accessible for women.

Finally, in October, the North Atlantic Treaty Organization (NATO) defence ministers met in Brussels, Belgium. The members discussed the following topics, including supporting Ukraine's defence, strengthening deterrence, reviewing the status of NATO's current operations in Iraq and Kosovo, and reviewing their deepening global partnerships. The NATO allies committed €20.9 billion in military assistance to Ukraine during the first half of 2024 as part of their total financial pledge of €40 billion made during the Washington Summit. The members aimed to boost Ukraine's cyber defenses, improve military innovation, counter disinformation and harness new technology including artificial intelligence. They also agreed for a new NATO initiative on standardization of procedures, weapons and equipment, and five new multinational cooperation initiatives to enhance deterrence and defence.

In November, 119 governments and over 1000 multi-stakeholder delegates gathered in Bogota, Colombia for the "Global Ministerial Conference on Ending Violence Against Children". Notable outcomes from the landmark Ministerial Conference were 101 governments pledged to end violence against children, pledging to set up a fund called the Children's Investment Fund Foundation, and committing US\$125 million to the fund with its aim to stop violence against children over the next five years.

Also in November, the G20 leaders met for

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a two-day summit in Rio de Janeiro, Brazil under the theme: “Building a just world and a sustainable planet”. The leaders adopted a declaration highlighting several core commitments, including the taxation of billionaires, energy transition, and support for global climate initiatives like the Conference of the Parties 30 in Brazil. The leaders welcomed the launch of the “Global alliance against hunger and poverty”, aimed to accelerate efforts to eradicate hunger while reducing inequalities. They endorsed the “Rio de Janeiro G20 ministerial declaration on international tax cooperation and furthermore, the meeting endorsed the G20 roadmap for better, bigger and more effective multilateral development banks (MDBs). The leaders also reiterated their support for a much-needed reform of the World Trade Organization.

In December, the members of the Organization of the Petroleum Exporting Countries (OPEC) met for the Joint Ministerial Monitoring Committee (JMMC) and the OPEC and non-OPEC Ministerial Meeting (ONOMM). The members reaffirmed the Framework of the Declaration of Cooperation (DoC), signed on 10th December 2016; as well as the Charter of Cooperation. Participants reaffirmed their commitment to extend the current oil production levels for OPEC and non-OPEC members to 31st December 2026. They further reaffirmed the mandate of the JMMC to closely review global oil market conditions, oil production levels, and the level of conformity to the DoC.

Also in December, the 16th meeting of the Conference of the Parties (COP 16) to the United Nations Convention to Combat Desertification (UNCCD) was held in Riyadh, Saudi Arabia. The participants emphasised on their objective of combating desertification and mitigate the impact of droughts. The COP launched the ‘Riyadh Global

Drought Resilience Partnership,’ that received pledges of over USD\$12 billion. The participants reached consensus on a range of important thematic issues related to addressing desertification, land degradation, and drought (DLDD). The participation of civil society organisations (CSOs) was a key decision made by COP 16, crucial for the establishment of two new caucuses: one for Indigenous Peoples and another for local communities. Furthermore, the COP 16 decision on gender seeks to address the data gap on distinguishing how women and men are affected by DLDD.

In the US, real GDP increased by 2.5 percent in 2024, compared to an increase of 3.2 percent in 2023. This growth was driven by higher consumer spending, investment, government expenditures, and exports. The latest IMF forecast is for real GDP to grow by 2.7 percent in 2025.

Industrial production increased by 0.5 percent in 2024, compared to an increase of 1.1 percent in 2023. This growth was driven increased output by the mining and utilities sector. The Purchasing Managers Index (PMI) recorded a 49.3 in December 2024, compared to 47.4 in December 2023, reflecting an improvement in new orders and production, while still below 50, indicating an overall contraction. Retail sales increased by 4.4 percent in 2024, compared to 5.0 percent in 2023, as growth normalised while driven by higher consumer spending over the festive season, income growth and easing inflationary pressures. The unemployment rate was 4.1 percent in 2024, compared to 3.7 percent in 2023, as overall growth slowed.

Consumer prices increased by 2.9 percent in 2024, compared to 3.4 percent in 2023. The lower increase was attributed to lower prices of most expenditure groups, excluding the prices for transportation, natural gas



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and food. Broad money supply increased by 2.9 percent in 2024, compared to a decline of 0.9 percent in 2023, reflecting the continued monetary expansion since the third quarter 2024. The Federal Reserve lowered the federal funds rate to 4.5 percent in December to reduce the cost of borrowing, increase employment and boost growth.

The trade account recorded a deficit of US\$98.4 billion in 2024 compared to a deficit of US\$64.9 billion in 2023, reflecting higher imports relative to exports.

In Japan, real GDP increased by 1.2 percent in 2024, compared to an increase of 0.8 percent in 2023. This growth was driven by business investments and a rebound in government spending. The latest IMF forecast is for real GDP to grow by 1.1 percent in 2025.

Industrial production declined by 2.2 percent in 2024, compared to a decline of 1.1 percent in 2023, as manufacturing output declined as global demand slowed, especially from China and the US. Retail sales increased by 3.7 percent in 2024, compared to an increase of 2.4 percent in 2023, mainly driven by robust consumer spending on textiles, clothing and personal goods. The unemployment rate was 2.4 percent in 2024, compared to 2.5 percent in 2023.

Consumer prices increased by 3.6 percent in 2024, compared to an increase of 2.6 percent in 2023, mainly driven by price increases in food, electricity, gas and recreation. Broad money supply increased by 0.2 percent in 2024, compared to an increase of 0.1 percent in 2023. The Bank of Japan kept its policy rate steady at 0.25 percent, aiming to keep inflation around its 2.0 percent target.

The trade account recorded a surplus of US\$0.9 billion in 2024, compared to a surplus of US\$0.2 billion in 2023, reflecting

higher exports relative to imports.

In the euro area, real GDP increased by 1.2 percent in 2024, compared to an increase of 0.1 percent in 2023. This growth was driven by higher consumer spending, lower borrowing costs and easing inflationary pressures. The latest IMF forecast is for real GDP to grow by 1.0 percent in 2025.

Industrial production declined by 1.5 percent in 2024, compared to a decline of 1.8 percent in 2023. The decline was mainly due to falls in the output of capital, intermediate and durable consumer goods. Retail sales increased by 1.9 percent in 2024, compared to a decline of 0.5 percent in 2023, driven by higher household spending on food and drinks, fuel and tobacco. The unemployment rate was 6.3 percent in 2024, compared to 6.4 percent in 2023.

Consumer prices in the euro area, as measured by the Harmonized Index of Consumer Prices, increased by 2.4 percent in 2024, compared to an increase of 2.9 percent in 2023. The lower increase reflected a fall in prices of energy and services, while non-energy, processed and unprocessed foods, alcohol and tobacco all increased. Broad money supply increased by 0.3 percent in 2024, compared to an increase of 0.6 percent in 2023, reflecting the expanding monetary base. The European Central Bank cut its interest rate for the fourth time in 2024 by 25 basis points to 3.15 percent in December 2024. This move reflected a more favorable inflation outlook and anticipated improvements in monetary policy transmission.

The trade account recorded a surplus of US\$15.4 billion in 2024, compared to a surplus of US\$17.7 billion in 2023.

In the UK, real GDP grew by 1.4 percent in 2024, compared to a decline of 0.3 percent in 2023, attributed to increased household

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consumption and government spending. The latest IMF forecast is for real GDP to increase by 1.6 percent in 2025.

Industrial production declined by 1.9 percent in 2024, compared to a decline of 0.1 percent in 2023. The decline reflected lower output from manufacturing, and the mining and quarrying sectors. Retail sales increased by 3.2 percent in 2024, compared to a decline of 3.1 percent in 2023, mainly driven by food and online non-food sales over the festive season. The unemployment rate was 4.4 percent in 2024, compared to 3.8 percent in 2023.

Consumer prices increased by 2.5 percent in 2024, compared to an increase of 4.0 percent in 2023. The lower increase was due to mainly a fall in the price of transport, and lower increases for restaurants and hotels, recreation, communication, housing, and utilities. Broad money supply increased by 0.1 percent in December 2024, compared to an increase of 1.3 percent in December 2023. The Bank of England maintained its bank rate at 4.75 percent in December 2024, in line with market expectations as CPI inflation, wage growth and some indicators of inflation expectations had risen, adding to the risk of inflation persistent.

The trade account recorded a deficit of US\$1.2 billion in 2024, compared to a deficit of US\$0.6 billion in 2023, reflecting higher imports relative to exports.

In China, real GDP grew by 5.4 percent in 2024, compared to an increase of 5.2 percent in 2023. This growth was mainly driven by higher exports, as firms rushed to complete shipments ahead of potential US tariff hikes. The latest IMF forecast is for real GDP to grow by 4.6 percent in 2025.

Industrial production increased by 6.2 percent in 2024, compared to an increase of 6.8 percent in 2023, driven by robust ac-

tivities in manufacturing and utilities sector. Retail sales increased by 3.7 percent in 2024, compared to an increase of 7.4 percent in 2023. This growth was mainly driven by higher sales of household appliances, sports and entertainment products. The unemployment rate was 5.1 percent in 2024, the same as in 2023.

Consumer prices increased by 0.1 percent in 2024, compared to a decline of 0.3 percent in 2023. The marginal increase was driven by higher prices of healthcare, education and non-food items. Broad money supply increased by 7.3 percent in 2024, compared to an increase of 0.4 percent in 2023. The People's Bank of China maintained its benchmark interest rate steady at 3.1 percent, to stimulate growth and consumption.

The trade account recorded a surplus of US\$104.8 billion in 2024, compared to a surplus of US\$75.3 billion in 2023, driven by higher exports.

In Australia, real GDP increased by 1.3 percent in 2024, compared to an increase of 1.5 percent in 2023. The growth reflected higher public spending. The latest IMF forecast is for real GDP to grow by 2.1 percent in 2025.

Industrial production declined by 0.8 percent in 2024, compared to an increase of 0.6 percent in 2023, mainly reflecting a slowing economy, and reduced capital investments. Retail sales increased by 4.6 percent in 2024, compared to an increase of 1.0 percent in 2023. The increase was mainly driven by household festive spending and combined with promotional activities by retailers. The unemployment rate remained steady at 4.0 percent in 2024, the same as in 2023.

Consumer prices increased by 2.4 percent in 2024, compared to an increase of 4.1

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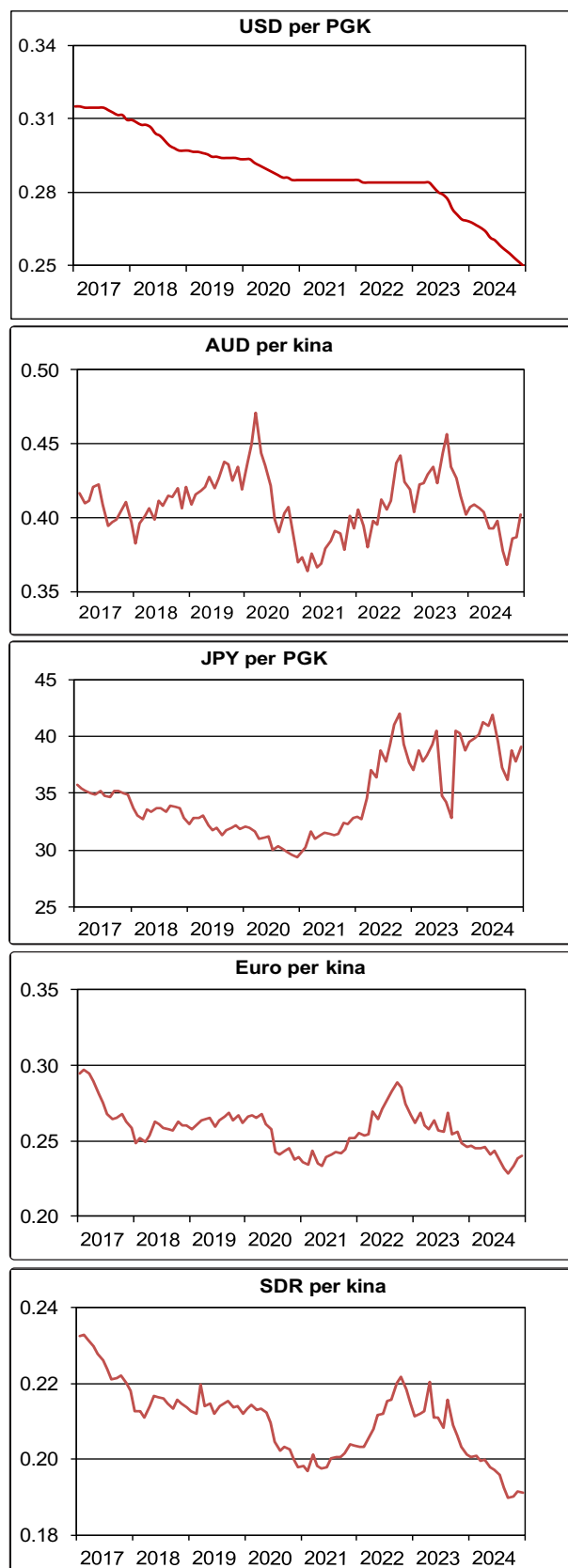
percent in 2023. The lower increase reflected a fall in the prices of energy, fuel, and services, while food, alcohol and tobacco, and education recorded increases. Broad money supply increased by 0.5 percent in 2024, compared to an increase of 0.7 percent in 2023. The Reserve Bank of Australia maintained its cash rate at 4.35 percent during the December quarter.

The trade account recorded a surplus of US\$2.9 billion in 2024, compared to a surplus of US\$6.5 billion in 2023, driven by exports

In the December quarter of 2024, the US dollar depreciated against the Japanese yen by 0.1 percent and appreciated against the pound sterling by 0.1 percent, while it remained unchanged against the euro and the Australian dollar. Over the year, the US dollar appreciated against all the major currencies. It appreciated against the pound sterling by 4.8 percent, the AUD by 2.9 percent, the euro by 2.1 percent and the yen by 0.9 percent.

In the December quarter of 2024, the average daily kina exchange rate depreciated against the USD by 2.0 percent to US\$0.2525, the pound sterling by 0.6 percent to £0.1971, the yen by 0.1 percent to ¥38.4552, and appreciated against the euro by 0.9 percent to €0.2367 and the AUD by 0.6 percent to A\$0.3870. These currency movements resulted in the TWI decreasing by 0.5 percent to 27.63. Over the year, the average daily kina exchange rate depreciated against all the major currencies. It depreciated against the pound sterling by 9.3 percent, AUD by 6.5 percent, USD by 6.3 percent, the euro by 5.5 percent, and yen by 3.4 percent.

## EXCHANGE RATES





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### 3. DOMESTIC ECONOMIC CONDITIONS

#### DOMESTIC ECONOMIC ACTIVITY

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 4.4 percent in the December quarter of 2024, compared to an increase of 8.0 percent in the September quarter of 2024. Excluding the mineral sector, sales increased by 1.8 percent in the December quarter of 2024, the same as in the previous quarter. By sector, sales increased in all sectors except the agriculture/forestry/fishing, construction and wholesale sectors, which declined. By region, sales increased in all regions, except in the Momase Region (excluding Morobe) and the Highlands region, which declined. In 2024, total sales increased by 4.2 percent, compared to a decline of 4.8 percent in 2023. Excluding the mineral sector, sales increased by 4.2 percent, compared to an increase of 2.4 percent in 2023.

In the transportation sector, sales increased by 13.2 percent in the December quarter of 2024, compared to an increase of 8.1 percent in the previous quarter. The increase mainly reflected higher air passenger travel during the peak festive period, and a pickup in activity and sales in the shipping subsector. Over the year to December 2024, sales increased by 39.4 percent, compared to an increase of 2.2 percent in the corresponding period of 2023.

In the financial/business/other services sector, sales increased by 8.4 percent in the December quarter of 2024, compared to an increase of 1.9 percent in the previous quarter. The increase was driven by higher earnings received by the banking sector. Hotel services, and security also supported this growth. Over the year to December 2024, sales increased by 7.8 percent, com-

pared to an increase of 11.1 percent in the corresponding period of 2023.

In the mineral sector, sales increased by 8.0 percent in the December quarter of 2024, compared to an increase of 17.4 percent in the previous quarter. The increase was attributed to higher production and exports of Liquefied Natural Gas, crude oil, and higher output of copper and gold concentrates from Ok Tedi and Lihir Gold mines. Over the year to December 2024, sales increased by 5.6 percent, compared to a decline of 16.2 percent in the corresponding period of 2023.

In the retail sector, sales increased by 4.1 percent in the December quarter of 2024, compared to an increase of 3.7 percent in the previous quarter. Higher jet fuel, pharmaceutical products, heavy equipment and machinery sales all contributed to the growth. Over the year to December 2024, sales increased by 6.9 percent, compared to an increase of 10.9 percent in the corresponding period of 2023.

In the manufacturing sector, sales increased by 0.4 percent in the December quarter of 2024, compared to an increase of 4.2 percent in the previous quarter. The increase was attributed to higher production and sale of alcoholic beverages, and soft drink products during the Christmas festive season. Over the year to December 2024, sales decreased by 0.4 percent, compared to a decline of 10.8 percent in the corresponding period of 2023.

In the agriculture/forestry/fishing sector, sales declined by 22.2 percent in the December quarter of 2024, compared to an increase of 3.3 percent in the previous quarter. The decline reflected lower production and sale of coffee, logs and poultry products. Over the year to December 2024, sales increased by 6.5 percent, compared to an increase of 42.6 percent in the corre-

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sponding period of 2023.

In the construction sector, sales declined by 6.3 percent in the December quarter of 2024, compared to an increase of 3.3 percent in the previous quarter. Activity slowed following the completion of several road and building projects in the Highlands and Southern regions, and the Autonomous Region of Bougainville. Over the year to December 2024, sales declined by 28.8 percent, compared to a decline of 38.7 percent in the corresponding period of 2023.

In the wholesale sector, sales declined by 1.5 percent in the December quarter of 2024, compared to a decline of 6.0 percent in the previous quarter. This mainly reflected the importing and sale of refined petroleum products by a major fuel supplier. Over the year to December 2024, sales decreased by 2.2 percent, compared to a decline of 4.7 percent in the corresponding period of 2023.

By region, sales increased in all the regions, except in the Highlands and the Momase (excluding Morobe) region. In the Islands region, sales increased by 22.9 percent in the December quarter of 2024, compared to a decline of 3.9 percent in the previous quarter. The increase was due to higher production and export of gold, palm oil and logs. Over the year to December 2024, sales increased by 21.3 percent, compared to an increase of 43.6 percent in the corresponding period of 2023.

In the Southern region, sales increased by 13.4 percent in the December quarter of 2024, compared to an increase of 57.3 percent in the previous quarter. The increase was primarily attributed to higher production and exports of copper and gold by the Ok Tedi mine. Several on-going roads and building construction projects including the upgrading and sealing of the two-lane Magi Highway in Central Province also contribut-

ed to the increase. Over the year to December 2024, sales increased by 24.5 percent, compared to an increase of 11.7 percent in the corresponding period of 2023.

In NCD, sales increased by 9.2 percent in the December quarter of 2024, compared to a decline of 4.4 percent in the previous quarter. The increase was driven by higher sales of alcoholic beverages, heavy equipment, machinery and higher activity in the construction sector. Over the year to December 2024, sales declined by 0.7 percent, compared to an increase of 6.4 percent in the corresponding period of 2023.

In Morobe, sales increased by 0.9 percent in the December quarter of 2024, compared to an increase of 9.4 percent in the previous quarter. The increase was mainly driven by higher production and export of gold and silver from Hidden Valley. Higher sales of machinery and heavy equipment also contributed to the growth. Over the year to December 2024, sales increased by 6.0 percent, compared to a decline of 8.1 percent in the corresponding period of 2023.

In the Momase region, sales declined by 21.8 percent in the December quarter of 2024, compared to an increase of 18.5 percent in the previous quarter. The decline reflected lower production and export of nickel, along with lower sales of tobacco, and canned tuna. Over the year to December 2024, sales increased by 5.6 percent, compared to a decline of 29.1 percent in the corresponding period of 2023.

In the Highlands region, sales declined by 4.0 percent in the December quarter of 2024, compared to an increase of 8.2 percent in the previous quarter. The decline reflected lower gold production and exports from the New Porgera gold mine. Lower production and exports of coffee due to adverse weather conditions and off-peak coffee season. Over the year to December

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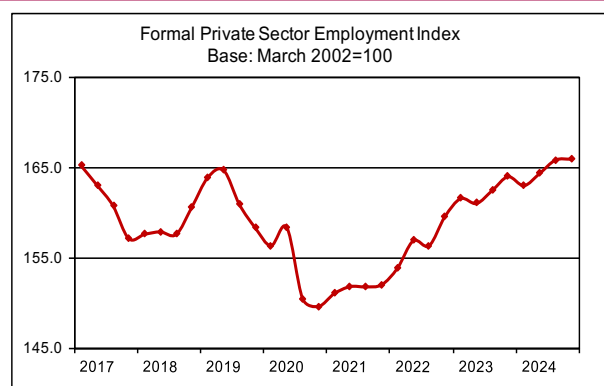
2024, sales declined by 8.2 percent, compared to a decline of 29.3 percent in the corresponding period of 2023.

## EMPLOYMENT

The Bank's Employment Index shows that the level of employment in the formal private sector increased by 0.8 percent in the December quarter of 2024, compared to an increase of 0.2 percent in the previous quarter. Excluding the mineral sector, the level of employment increased by 0.6 percent. By sector, the level of employment increased in the retail, transportation, mineral, wholesale, manufacturing while it declined in the construction, finance, business and other services, and agriculture/forestry/fishing sectors. By region, the level of employment increased in the Momase (excluding Morobe), Morobe and NCD, while it decreased in the Highlands, Southern (excluding NCD), and the Islands regions. Over the year to December 2024, the total level of employment increased by 1.2 percent, compared to an increase of 2.8 percent in the corresponding period of 2023. Excluding the mineral sector, the level of employment increased by 1.5 percent over the year to December 2024, compared to an increase of 2.0 percent in the corresponding period of 2023.

In the retail sector, the level of employment increased by 6.4 percent in the December quarter of 2024, compared to an increase by 3.9 percent in the previous quarter. The increase was due to the reopening of a new shop in Lae by a major pharmaceutical firm, and higher casual and part-time recruitment by a supermarket in Lae, Mt Hagen and Port Moresby for the festive season. Over the year to December 2024, the level of employment increased by 4.0 percent, compared to a decline of 1.9 percent in the corresponding quarter of 2023.

In the transportation sector, the level of



employment increased by 5.6 percent in the December quarter of 2024, compared to an increase of 2.2 percent in the previous quarter. The increase mainly reflected higher employee recruitment by a major airline in preparation for new aircrafts, along with a newly established department and a sales office. Higher shipping activity and wharfing terminal services also contributed to the growth. Over the year to December 2024, the level of employment increased by 12.0 percent, compared to an increase of 9.6 percent in the corresponding quarter of 2023.

In the mineral sector, the level of employment increase by 1.9 percent in the December quarter of 2024, following an increase of 2.5 percent in the previous quarter. The growth largely reflected higher recruitment by the Porgera Gold mine as production increased. Ok Tedi, Hidden Valley and Ramu Nickle Cobalt mines also contributed to the increase. Over the year to December 2024, the level of employment increased by 12.1 percent, compared to an increase of 10.2 percent in the corresponding quarter of 2023.

In the wholesale sector, the level of employment increased by 1.1 percent in the December quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. The increase reflected high casual employment by general food wholesalers in the Southern, NCD and the Islands

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region over the Christmas festive season. Over the year to December 2024, the level of employment decreased by 0.6 percent, compared to an increase of 9.1 percent in the corresponding quarter of 2023.

In the manufacturing sector, the level of employment increased by 0.8 percent in the December quarter of 2024, compared to a decrease of 0.3 percent in the previous quarter. This reflected higher recruitment by a major food manufacturer as production picked up, and higher employment by a drink manufacturer, after the opening of their fast food outlet in NCD. Over the year to December 2024, the level of employment increased by 9.4 percent compared to a decline of 2.8 percent in the corresponding quarter of 2023.

In the construction sector, the level of employment declined by 3.3 percent in the December quarter of 2024, compared to an increase by 3.8 percent in the previous quarter. The decrease mainly reflected a temporary shutdown of two road projects in the Southern Highlands due to funding issues, and layoffs in NCD after the completion of a major project. Over the year to December 2024, the level of employment declined by 5.0 percent, compared to a decline of 20.1 percent in the corresponding quarter of 2023.

In the finance, business and other services sector, the level of employment decreased by 1.6 percent in the December quarter of 2024, compared to an increase of 0.9 percent in the previous quarter. The decrease was mainly attributed to laying off temporary staff and carpenters after completions of a major project by a landowner company in Central Province, and at a major catering firm. Over the year to December 2024, the level of employment increased by 1.5 percent, compared to an increase of 2.3 percent in the corresponding quarter of 2023.

In the agriculture/forestry/fishing sector, the level of employment decreased by 1.0 percent in the December quarter of 2024, compared to a decline by 3.4 percent in the previous quarter. The decrease was attributed to slowdown in activities by major palm oil plantations in both the Islands and Southern regions. Over the year to December 2024, the level of employment decreased by 5.8 percent, compared to an increase of 6.9 percent in the corresponding quarter of 2023.

By region, the level of employment increased in the Momase (excluding Morobe), Morobe and NCD, while it decreased in the Highlands, Southern and Islands regions. In the Momase region, the level of employment increased by 2.6 percent in the December quarter of 2024, compared to a decrease of 1.7 percent in the previous quarter. The increase was mainly attributed to seasonal recruitment by a sugar producing company for harvesting. Over the year to December 2024, the level of employment increased by 7.3 percent, compared to a decline of 4.7 percent in the corresponding quarter of 2023.

In the Morobe region, the level of employment increased by 2.3 percent in the December quarter of 2024, compared to a decline of 0.04 percent in the previous quarter. The increase was due to hiring of additional workers by two major construction companies and by a major pharmaceutical retailer after the reopening of their new shopping outlet. Over the year to December 2024, the level of employment increased by 5.1 percent compared to an increase of 2.8 percent in the corresponding quarter of 2023.

In NCD, the level of employment increased by 1.7 percent in the December quarter of 2024, following an increase of 1.2 percent in the previous quarter. The increase was due to ongoing recruitment by a major air-

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line and a concrete aggregate company. Over the year to December 2024, the level of employment increased by 2.0 percent, compared to an increase of 0.6 percent in the corresponding quarter of 2023.

In the Highlands region, the level of employment decreased by 2.2 percent in the December quarter of 2024, compared to an increase of 6.9 percent in the previous quarter. The decline reflected layoffs in the construction sector and by a major catering firm in Porgera, as mining production slowed. Over the year to December 2024, the level of employment increased by 2.0 percent, compared to an increase of 5.1 percent in the corresponding period of 2023.

In the Southern region, the level of employment decreased by 1.4 percent in the December quarter of 2024, compared to a decline of 3.5 percent in the previous quarter. The decline reflected the layoffs by two major palm oil plantations after the harvesting season. Over the year to December 2024, the level of employment decreased marginally by 0.3 percent, compared to an increase of 0.05 percent in the corresponding quarter of 2023.

In the Islands region, the level of employment declined by 0.5 percent in the December quarter of 2024, compared to a decline of 0.6 percent in the previous quarter. The decline was due to lay-offs of workers by palm oil plantations after the harvesting season. Over the year to December 2024, the level of employment decreased by 1.4 percent, compared to an increase of 3.6 percent in the corresponding quarter of 2023.

## CONSUMER PRICE INDEX

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), increased by 2.7 percent in the December

quarter of 2024, compared to an increase of 0.9 percent in the September quarter of 2024. Price increases in the Alcoholic Beverages, Tobacco and Betelnut, Miscellaneous, Transport, Communication, Food and Non-Alcoholic Beverages, Clothing and Footwear, Household Equipment, Recreation, and Health expenditure groups, which more than offset decreases in the Housing, and Restaurants and Hotels expenditure groups. The Education expenditure group recorded no price change in the quarter. By urban centre, prices increased in all the surveyed centres. Annual headline inflation increased by 0.7 percent in the December quarter of 2024, compared to a decline of 0.9 percent in the previous quarter.

The CPI for the Alcoholic Beverages, Tobacco and Betelnut expenditure group increased by 14.0 percent in the December quarter of 2024, compared to an increase of 3.1 percent in the previous quarter. This reflected price increases in the betelnut and mustard, tobacco and alcoholic beverages sub-groups of 23.8 percent, 9.7 percent and 1.3 percent, respectively. This expenditure group contributed 2.1 percentage points and 1.7 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Miscellaneous expenditure group increased by 1.9 percent in the December quarter of 2024, compared to an increase of 0.8 percent in the previous quarter. There were price increases in the toiletries and personal care products of 2.8 percent, insect repellent of 2.0 percent, and both children's toys and barber fees of 0.4 percent each. The baby oil and powder, and court fees remained unchanged. This expenditure group's contribution to the quarterly and annual overall CPI inflation was negligible.

The CPI for the Transport expenditure group increased by 1.7 percent in the De-



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cember quarter of 2024, compared to no change in the previous quarter. The increase reflected price increases in the operations of transport, fares and motor vehicle purchases sub-groups of 3.6 percent, 3.3 percent and 0.1 percent, respectively. This more than offset a decline in the fuel and lubricants sub-group of 5.0 percent. The other services sub-group remained unchanged. This expenditure group contributed 0.2 percentage points and 0.5 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Communication expenditure group increased by 1.6 percent in the December quarter of 2024, compared to no change in the previous quarter. This was mainly attributed to an increase of 2.5 percent in the telephone services sub-group, while postal services, telephone equipment and other services sub-groups recorded no price changes in the quarter. This expenditure groups' contribution to the quarterly and annual overall CPI inflation was negligible.

The CPI for the Food and Non-Alcoholic Beverages expenditure group increased by 0.8 percent in the December quarter of 2024, compared to an increase of 1.3 percent in the previous quarter. There were increases in the other food products sub-group of 3.3 percent, cereals of 2.2 percent, both sugars and confectionary, and non-alcoholic beverages of 1.8 percent each, dairy products, eggs and cheese of 1.5 percent, oils and fats of 1.3 percent, fish of 0.9 percent, and meat of 0.8 percent. These increases more than offset a decline of 2.2 percent in the fruits and vegetables sub-group. This expenditure group contributed 0.3 percentage points and 1.5 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Clothing and Footwear expenditure group increased by 0.8 percent in

the December quarter of 2024, compared to an increase of 0.9 percent in the previous quarter. There were increases in the headwear, women and girls wear, clothing, sewing items, boys wear and men's wear sub-groups of 2.4 percent, 1.9 percent, 1.5 percent, 0.6 percent, 0.4 percent and 0.1 percent, respectively. These increases more than offset a decline in the footwear sub-group of 0.1 percent. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.2 percentage points to the overall annual CPI inflation outcome.

The CPI for the Household Equipment expenditure group increased by 0.5 percent in the December quarter of 2024, compared to a decline of 0.2 percent in the previous quarter. This reflected an increase in the household furniture and furnishings, and household appliances sub-groups of 2.9 percent and 0.5 percent, respectively, which more than offset a decline of 0.5 percent in the household maintenance goods sub-group. This expenditure group's contribution to the quarterly and annual overall CPI inflation was negligible.

The CPI for the Recreation expenditure group increased by 0.5 percent in the December quarter of 2024, compared to an increase of 1.1 percent in the previous quarter. There were increases in the prices of newspaper, batteries, magazine, biros, and flash drives of 6.2 percent, 2.1 percent, 1.0 percent, 0.4 percent, and 0.1 percent, respectively. The prices of bicycle, DVD player, digital camera, sports gate and movie fees, photography and television remained unchanged. This expenditure group's contribution to the quarterly and annual overall CPI inflation was negligible.

The CPI for the Health expenditure group increased by 0.4 percent in the December quarter of 2024, compared to an increase

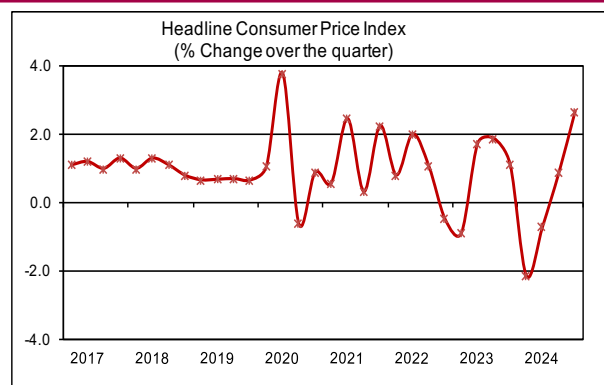
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of 1.7 percent in the previous quarter. This was attributed to an increase in price of medical supplies sub-group of 0.8 percent, whilst medical services sub-group remained unchanged. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.1 percentage point to the overall annual CPI inflation outcome.

The CPI for the Housing expenditure group declined by 0.2 percent in the December quarter of 2024, compared to a decline of 0.1 percent in the previous quarter. There were declines in the cooking and housing maintenance sub-groups of 2.1 percent and 0.2 percent, respectively, which more than offset an increase of 0.3 percent in the rent sub-group. The electricity and water sub-groups recorded no price changes in the quarter. This expenditure group's contribution to the quarterly and annual overall CPI inflation was negligible.

The CPI for the Restaurants and Hotels expenditure declined by 0.1 percent in the December quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. There was a decline in the takeaway sub-group of 0.1 percent, which more than offset an increase of 0.5 in the accommodation sub-group. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.1 percentage point to the overall annual CPI inflation outcome.

The CPI for the Education expenditure group recorded no price change in the December quarter of 2024, the same as in the previous quarter. This reflected no price changes in the education fees and other expenses sub-groups in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.1 percentage point to the overall annual CPI inflation outcome.



In Goroka/Mt. Hagen/Madang, prices increased by 3.3 percent in the December quarter of 2024, compared to an increase of 0.8 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase of 16.2 percent, followed by Household Equipment with 3.8 percent, Communication with 2.7 percent, Recreation with 2.4 percent, Food and Non-Alcoholic Beverages with 1.4 percent, Miscellaneous with 1.1 percent, Restaurants and Hotels with 0.9 percent, and both Transport, and Clothing and Footwear with 0.2 percent each. These more than offset decreases in the Health and Housing expenditure groups of 1.3 percent and 0.4 percent, respectively. The Education expenditure group recorded no price change in the quarter. Goroka/Mt. Hagen/Madang contributed 0.4 percentage points and 0.8 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

Prices in Port Moresby increased by 2.9 percent in the December quarter of 2024, compared to an increase of 0.6 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase of 18.9 percent, followed by both Transport and Miscellaneous with 2.6 percent each, Communication with 1.5 percent, Clothing and Footwear with 1.0 percent, Health with 0.6 percent, Food and Non-Alcoholic Bev-

erages with 0.4 percent and Recreation with 0.2 percent. These more than offset decreases in Restaurants and Hotels, and Household Equipment expenditure groups of 0.5 percent and 0.1 percent, respectively. The Education and Housing expenditure groups recorded no price changes in the quarter. Port Moresby contributed 2.0 percentage points and 0.4 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

In Alotau/Kimbe-Kokopo/Rabaul, prices increased by 2.9 percent in the December quarter of 2024, compared to an increase of 0.7 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase of 16.4 percent, followed by Clothing and Footwear with 1.6 percent, Food and Non-Alcoholic Beverages with 1.2 percent, Restaurant and Hotels with 1.0 percent, Household Equipment with 0.8 percent, and Recreation with 0.6 percent. These more than offset declines in the Housing, Transport and Health expenditure groups of 1.7 percent, 1.4 percent and 0.1 percent, respectively. The Education and Communication expenditure groups recorded no price changes in the quarter. Alotau/Kimbe-Kokopo/Rabaul contributed 0.3 percentage points to the overall quarterly CPI inflation, whilst contribution to the overall annual CPI inflation outcome was negligible.

Prices in Lae increased by 0.6 percent in the December quarter of 2024, compared to an increase of 2.7 percent in the previous quarter. The Communication expenditure group recorded the largest increase of 2.5 percent, followed by Food and Non-Alcoholic Beverages with 2.1 percent, Transport with 1.0 percent, Household Equipment with 0.7 percent, Miscellaneous with 0.6 percent, Restaurants and Hotels with 0.5 percent, Recreation with 0.4 percent, and both Health and Housing with 0.2 percent each.

These more than offset declines in the Alcoholic Beverages, Tobacco and Betelnut, and Clothing and Footwear expenditure groups of 1.2 percent and 0.6 percent, respectively. The Education expenditure group recorded no price change in the quarter. Lae contributed 0.1 percentage point and 0.7 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The annual headline inflation increased by 0.7 percent in the December quarter of 2024, compared to a marginal decline of 0.9 percent in the previous quarter. All expenditure groups recorded increases except the Alcoholic Beverages, Tobacco and Betelnut, and Communication, which declined. The largest increase was in the Food and Non-Alcoholic Beverages with 4.8 percent, followed by Clothing and Footwear with 3.9 percent, Transport with 3.5 percent, Miscellaneous with 3.1 percent, Restaurants and Hotels with 2.7 percent, Recreation with 2.1 percent, Education with 1.8 percent, Health with 1.5 percent, Household Equipment with 0.4 percent and Housing with 0.2 percent. These more than offset declines in the Alcoholic beverages, tobacco and betelnut, and Communication expenditure groups with 9.5 percent and 1.8 percent, respectively.

The NSO's quarterly exclusion-based inflation measure (which is the overall CPI excluding seasonal, customs excise and price regulated items) increased by 0.4 percent in the December quarter of 2024, compared to an increase of 0.6 percent in the previous quarter. Annual exclusion-based inflation was 6.4 percent in the December quarter of 2024, compared to an increase of 5.5 percent in the previous quarter.

The quarterly trimmed mean inflation measure published by the Bank of PNG increased by 1.0 percent in the December quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. The an-

nual trimmed mean inflation was 3.3 percent in the December quarter of 2024, compared to 3.9 percent in the same period of 2023.

#### 4. EXPORT COMMODITIES REVIEW

The total value of merchandise exports was K51,599.9 million in 2024, compared to K46,083.1 million in 2023. There were higher export receipts for gold, copper, crude oil, cocoa, palm oil, copra oil, copra, tea and marine products. These more than offset lower export values for Liquefied Natural Gas (LNG), condensate, nickel, cobalt, coffee, rubber and logs.

The value of agricultural, marine products and other non-mineral exports, excluding forestry and refined petroleum product exports, was K6,664.2 million and accounted for 12.9 percent of total merchandise exports in 2024, compared to K5,130.3 million or 11.1 percent of total merchandise exports in 2023. Forestry product exports were K700.2 million and accounted for 1.4 percent of total merchandise exports in 2024, compared to K737.2 million or 1.6 percent in 2023. Refined petroleum product exports were K379.9 million and accounted for 0.7 percent of total merchandise exports in 2024, compared to K356.8 million or 0.8 percent in 2023. Mineral export receipts, including LNG and condensate was K43,855.6 million and accounted for 85.0 percent of total merchandise exports in 2024, compared to K39,858.8 million or 86.5 percent in 2023.

The weighted average kina price of Papua New Guinea's export commodities, excluding LNG, increased by 19.3 percent in 2024, from 2023. There was an increase of 18.5 percent in the weighted average price of mineral exports, reflecting higher

kina prices for all mineral exports, except for nickel and cobalt. For agricultural, logs and marine product exports, the weighted average kina price increased by 22.4 percent due to higher prices of cocoa, palm oil, coffee, tea, copra oil, rubber and logs.

Excluding log exports, the weighted average kina price of agricultural and marine product exports increased by 23.6 percent in 2024, from 2023. The higher kina export price reflected an increase in international prices for all of PNG's non-mineral export commodities, except for copra and marine products, combined with the depreciation of the kina.

#### MINERAL EXPORTS

Total mineral export receipts were K43,855.6 million in 2024, compared to K39,858.8 million in 2023. The increase was due to higher kina prices of all mineral commodities except for nickel and cobalt, and higher export volumes of all mineral commodities except for nickel, cobalt, condensate and LNG.

The value of LNG exports was K19,626.5 million in 2024, compared to K20,594.4 million in 2023. The decline was due to lower production and international prices reflecting higher inventory supplies, combined with lower global demand.

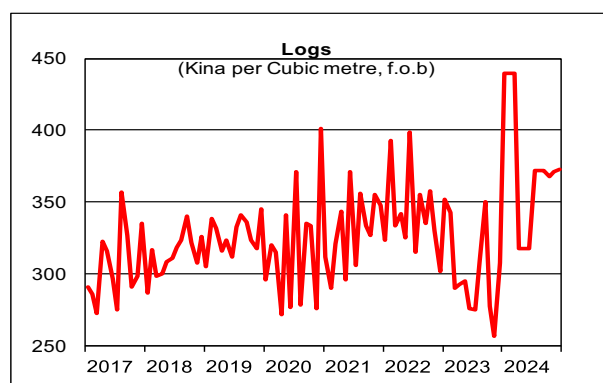
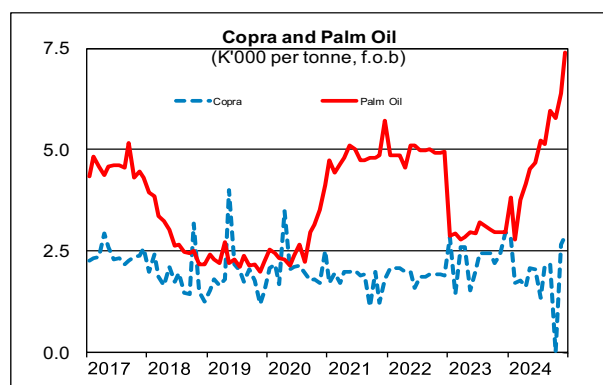
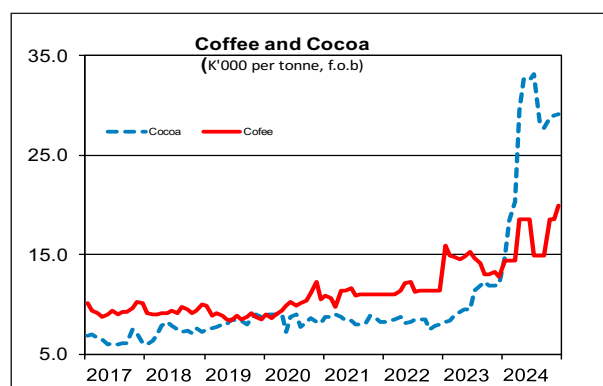
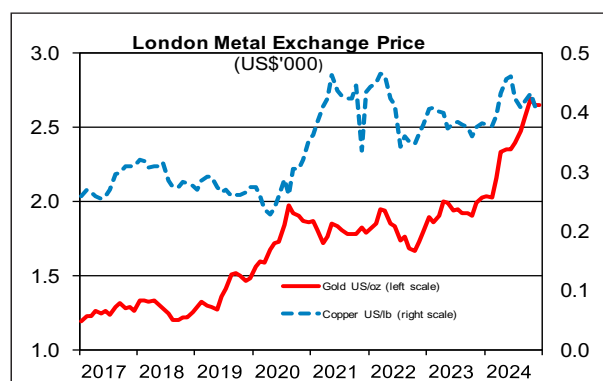
The volume of condensate exported was 4,914.3 thousand barrels in 2024, compared to 6,092.5 thousand barrels in 2023. The decline was mainly due to lower production by the PNG LNG project. The average free on board (f.o.b) price for condensate export was K298 per barrel in 2024, compared to K282 per barrel in 2023, reflecting higher international prices. The decline in export volume more than offset the increase in export price, resulting in ex-

port receipts of K1,464.3 million in 2024, compared to K1,718.3 million in 2023.

The volume of gold exported was 47.2 tonnes in 2024, compared to 41.9 tonnes in 2023. This increase was due to the resumption of the Porgera mine, combined with higher production from the K92, Simberi, Ok Tedi mines and other small alluvial exporters. The average f.o.b price received for Papua New Guinea's gold exports was K287.24 million per tonne in 2024, compared to K216.1 million per tonne in 2023. The increase reflected higher international prices. The average gold price at the London Metal Exchange increased by 23.1 percent to US\$2,389.7 per fine ounce in 2024, compared to 2023. The increase was mainly due to stronger demand for gold as a safe haven asset amid geopolitical instability in Eastern Europe and the Middle East, interest rate cuts from the US Federal Reserve, and uncertainty in global financial markets. The combined increase in export volume and price resulted in export receipts of K13,558.0 million in 2024, compared to K9,054.3 million in 2023.

The volume of copper exported was 115.4 thousand tonnes in 2024, compared to 94.7 thousand tonnes in 2023. The increase resulted from higher production of metal ore grades and shipment by the K92 and Ok Tedi mines. The average f.o.b. price of Papua New Guinea's copper exports was K35,043 per tonne in 2024, compared to K30,464 per tonne in 2023. The outcome was mainly due to stronger global demand, attributed to an increase in the use of copper in the advancement of artificial intelligence tools and renewable energy like solar. The combined increase in export volume and price resulted in export receipts of K4,044.0 million in 2024, compared to K2,884.9 million in 2023.

## EXPORT COMMODITY PRICES





The volume of nickel exported was 30.6 thousand tonnes in 2024, compared to 34.1 thousand tonnes in 2023. The decline was due to lower production and shipment by the Ramu Nickel/ Cobalt mine. The average f.o.b. price of nickel exports was K64,212 per tonne in 2024, compared to K73,349 per tonne in 2023. The decline reflected a weaker demand from China, combined with higher supply from Indonesia, the world's largest producer. The combined decline in export volume and price resulted in export receipts of K1,964.9 million in 2024, compared to K2,501.2 million in 2023.

The volume of cobalt exported was 2.8 thousand tonnes in 2024, compared to 3.1 thousand tonnes in 2023, accounted for by lower production and shipment by the Ramu Nickel/Cobalt mine. The average f.o.b. price of cobalt exports was K100,298 per tonne in 2024, compared to K131,097 per tonne in 2023. The outcome reflected lower international prices attributed to weaker demand from China, amid the growing lithium-iron-phosphate (LFP) share of the battery market as a cheaper substitute for nickel-cobalt-manganese (NCM) batteries in the electric vehicle sector, combined with higher production from the Democratic Republic of Congo. The combined decline in export volume and price resulted in export receipts of K280.8 million in 2024, compared to K406.4 million in 2023.

The volume of crude oil exported was 7,356.5 thousand barrels in 2024, compared to 7,071.1 thousand barrels in 2023. This was due to higher production from the Kutubu and Gobe oil fields. The average export price of crude oil was K298 per barrel in 2024, compared to K289 per barrel in 2023, reflecting higher international prices driven by a larger-than-expected reduction in OPEC+ production. The combined increase in export volume and price result-

ed in export receipts of K2,191.0 million in 2024, compared to K2,041.9 million in 2023.

The total export receipt of refined petroleum products was K379.9 million in 2024, compared to K356.8 million in 2023. The outcome reflected strong global demand from major consumers combined with the depreciation of the kina.

## **AGRICULTURE, LOGS AND FISHERIES EXPORTS**

Export prices of all agricultural commodities increased in 2024, compared to 2023, with the exception of copra and marine products. Export price of palm oil increased by 41.6 percent, cocoa by 178.4 percent, coffee by 14.1 percent, copra oil by 62.0 percent, tea by 40.6 percent and rubber by 20.7 percent, while copra declined by 7.2 percent in 2024, compared to 2023. The average export price of marine products declined by 27.9 percent and logs increased by 12.9 percent to K341 per cubic meter in 2024, compared to 2023. The net effect was an increase of 22.4 percent in the weighted average kina price of agricultural, logs and marine product exports. Excluding logs, the weighted average kina price of agricultural and marine product exports also increased by 23.6 percent in 2024, compared to 2023.

The volume of palm oil exported was 549.9 thousand tonnes in 2024, compared to 684.4 thousand tonnes in 2023. The decline in export volumes resulted from lower production and shipments, reflecting unfavorable dry weather, coupled with the impact of a natural disaster in a major growing area. The average export price of palm oil increased by 41.6 percent to K4,973 per tonne in 2024, compared to 2023. The outcome reflected higher international prices following lower production from Malaysia

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and Indonesia, largely attributed to unfavorable weather conditions and further increase in export levies, respectively, combined with the depreciation of the kina. The increase in export price more than offset the decline in export volume, resulting in export receipts of K2,734.4 million in 2024, compared to K2,402.8 million in 2023.

The volume of coffee exported was 41.6 thousand tonnes in 2024, compared to 57.9 thousand tonnes in 2023. The decline was due to lower export from the major producing regions. The average export price of coffee increased by 14.1 percent to K15,833 per tonne in 2024, compared to 2023. This increase reflected rising global shipping costs and lower production from Brazil and Vietnam due to unfavorable dry weather conditions, coupled with higher demand particularly from Europe. The decline in export volume more than offset the increase in export price, resulting in export receipts of K658.7 million in 2024, compared to K803.5 million in 2023.

The volume of cocoa exported was 39.8 thousand tonnes in 2024, compared to 38.5 thousand tonnes in 2023, due to higher exports from the major growing regions. The average export price of cocoa increased significantly by 178.4 percent to K28,819 per tonne in 2024, compared to 2023. The outcome reflected historically high international prices due to lower production in Ghana and the Ivory Coast, which together contribute to 80% of global cocoa supply. Production declines were largely due to El Niño-induced heavy rainfalls, multiple crop diseases and challenges associated with aging cocoa trees. These combined with the depreciation of the kina saw prices rise significantly. The combined increase in export price and volume resulted in export receipts of K1,147.0 million in 2024, compared to K398.6 million in 2023.

The volume of copra exported was 18.5 thousand tonnes in 2024, compared to 13.3 thousand tonnes in 2023. There was higher production and shipment from the major producing regions reflecting fruition of the industry's replanting program. The average export price of copra declined by 7.2 percent to K2,022 per tonne in 2024, compared to 2023. The outcome reflected higher production from Philippines. The increase in export volume more than offset the decline in export price, resulting in export receipts of K37.4 million in 2024, compared to K29.0 million in 2023.

The export volume of copra oil was 20.8 thousand tonnes in 2024, compared to 17.1 thousand tonnes in 2023. The increase was due to higher production and shipment from the existing mills. The average export price of copra oil was K4,861 per tonne in 2024, an increase of 62.0 percent from 2023. The outcome mainly reflected higher international prices attributed to lower production from Indonesia, the major producer, combined with the depreciation of the kina. The combined increase in export volume and price resulted in export receipts of K101.1 million in 2024, compared to K51.3 million in 2023.

The volume of tea exported was 0.35 thousand tonnes in 2024, compared to 0.4 thousand tonnes in 2023, attributed to lower production and shipment. The average export price of tea increased by 40.6 percent to K4,571 per tonne in 2024, compared to 2023. The outcome reflected higher global demand attributed to the Red Sea crisis which affected traditional supply routes between Asia and Europe. The increase in export price more than offset the decline in export volume, resulting in export receipts of K1.6 million in 2024, compared to K1.3 million in 2023.

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The volume of rubber exported was 2.1 thousand tonnes in 2024, compared to 2.7 thousand tonnes in 2023, accounted for by lower production from the rubber producing provinces. The average export price of rubber increased by 20.7 percent to K5,857 per tonne in 2024, compared to 2023. This reflected lower production from Thailand and Vietnam, two of the major producers, combined with the depreciation of the kina. The decline in export volume more than offset the increase in export price, resulting in export receipts of K12.3 million in 2024, compared to K13.1 million in 2023.

The volume of logs exported was 1,942 thousand cubic meters in 2024, compared to 2,261.0 thousand cubic meters in 2023. The outcome was due to lower production from the major producing provinces. The average export price of logs increased by 12.9 percent to K341 per cubic meter in 2024, compared to 2023. The increase in price mainly reflected increase in freight costs amid the impact of the Red Sea crisis on shipping routes between Asia and Europe, combined with the depreciation of the kina. The decline in export volume more than offset the increase in price, resulting in export receipts of K662.4 million in 2024, compared to K682.6 million in 2023.

The value of marine products exported was K1,321.7 million in 2024, compared to K704.7 million in 2023. The outcome was due to an increase in export volume which more than offset a decline in export price.

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## 5. BALANCE OF PAYMENTS

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### DECEMBER QUARTER 2024 ON DECEMBER QUARTER 2023

The overall balance of payments recorded

a surplus of K238.4 million in 2024, compared to a surplus of K199.3 million in 2023. This was due to a surplus in the current and capital account, which more than offset a deficit in the financial account.

The current account recorded a surplus of K19,238.9 million in 2024, compared to a surplus of K10,076.7 million in 2023. This was due to a higher surplus in the trade and secondary income accounts, which more than offset deficits in services and primary income accounts.

In the trade account, there was a surplus of K33,978.7 million in 2024, compared to a surplus of K26,691.9 million in 2023. The higher surplus was due to an increase in the value of merchandise exports coupled with lower imports.

The value of merchandise exports was K51,599.9 million in 2024, compared to K46,082.9 million in 2023. The increase was attributed to higher export receipts for all PNG's major export commodities, with the exception of coffee, rubber, logs, nickel, cobalt, condensate and LNG.

The value of merchandise imports was K17,621.2 million in 2024, compared to K19,391.1 million in 2023. This was due to lower petroleum and general imports, which more than offset higher mining sector imports. The value of general imports was K9,417.4 million in 2024, compared to K11,784.1 million in 2023, reflecting lower imports by wholesale, retail, restaurant and hotel, manufacturing, agriculture, construction and marine sectors, which more than offset higher imports by other non-mineral sectors. The petroleum sector imports were K1,645.3 million in 2024, compared to K2,579.4 million in 2023. The outcome was mainly due to lower expenditure on exploration and drilling activities by a pe-

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troleum company. Mining sector imports was K6,558.2 million in 2024, compared to K5,027.5 million in 2023. The increase reflected higher expenditure by most of the major mines including Lihir, Ok Tedi, Porgera, Hidden Valley, Kainantu and Simberi mines. The service account had a deficit of K8,783.1 million in 2024, compared to a deficit of K8,726.0 million in 2023. This was mainly attributed to higher payments for services in manufacturing, travel, construction, other business services, personal, cultural and recreational services, which more than offset lower payments for transportation, insurance and pension, and financial services.

The primary income account recorded a deficit of K7,065.8 million in 2024, compared to K8,235.8 million in 2023. This was mainly due to lower dividend payments.

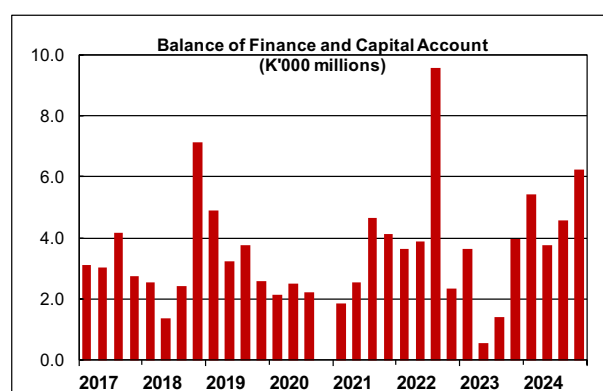
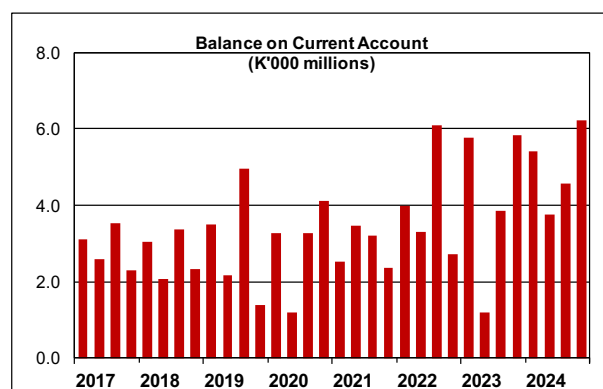
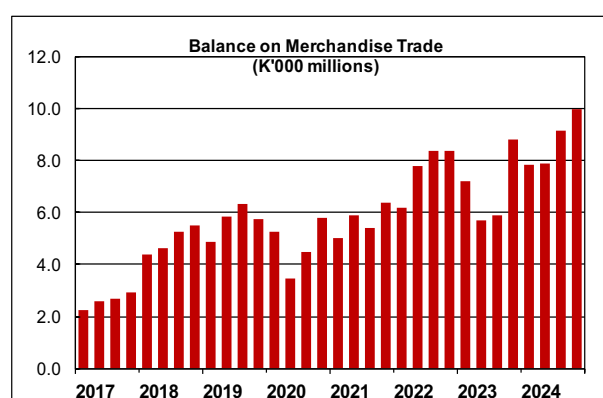
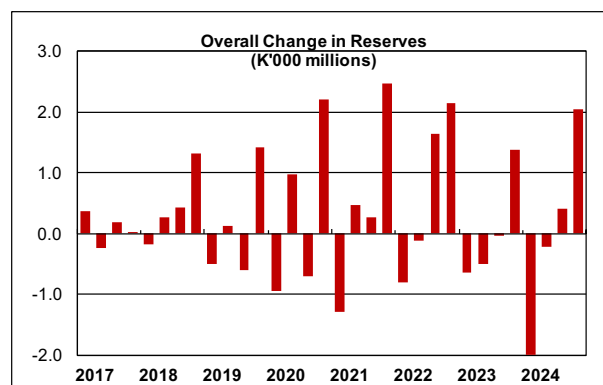
The secondary income account had a surplus of K1,109.1 million in 2024, compared to a surplus of K346.6 million in 2023. This was accounted for by higher transfer receipts reflecting gifts and grants, licensing fees and taxes to the Government.

The capital account recorded a net inflow of K16.3 million in 2024, compared to a net inflow of K15.8 million in 2023, reflecting higher transfers by donor agencies for project financing.

As a result of the developments in the trade, services, primary and secondary income and capital accounts, the current and capital account recorded a surplus of K19,255.6 million in 2024, compared to a surplus of K10,092.5 million in 2023.

The financial account recorded a deficit of K19,166.3 million in 2024, compared to a deficit of K10,776.9 million in 2023. The outcome was due to net outflow of funds from

## BALANCE OF PAYMENTS



direct and other investments, reflecting related party transactions and build-up in off-shore foreign currency account balances of mineral companies, including oil and LNG companies, mainly for investments and external debt service payments. Government external loan repayments also contributed to the net outflow of funds.

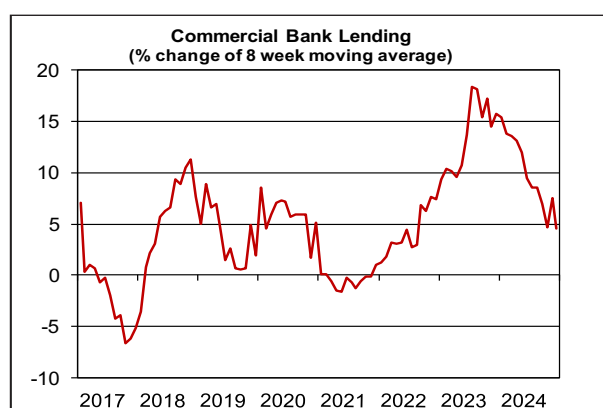
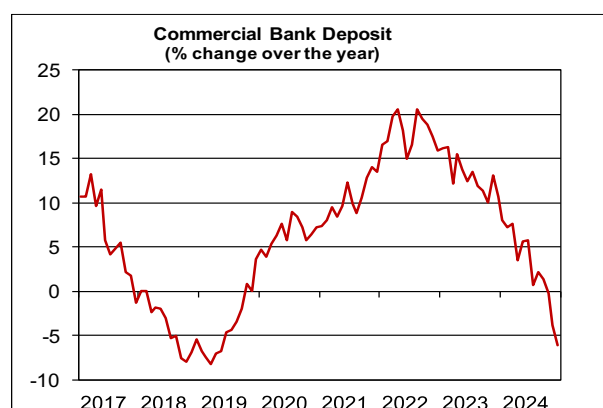
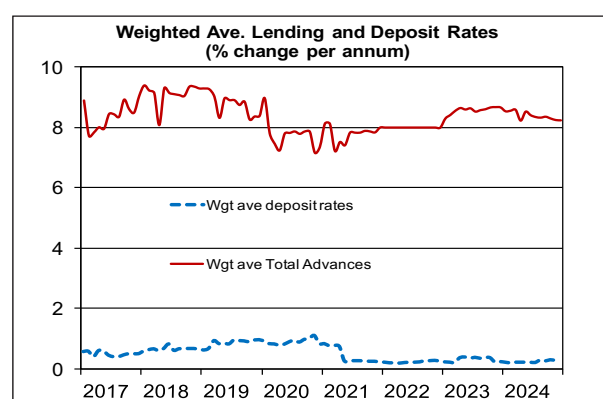
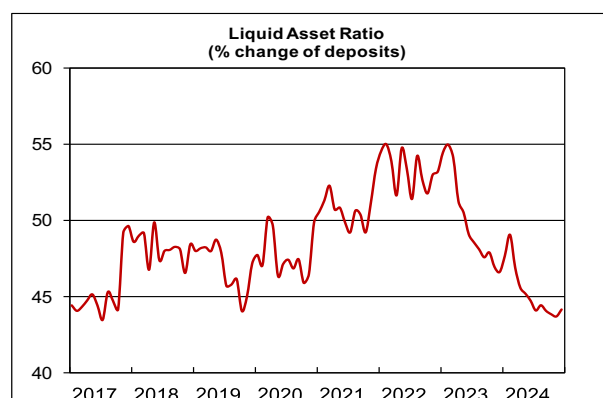
As a result of these developments in the current and capital account and financial accounts, the overall balance of payments recorded a surplus of K238.4 million in 2024, compared to a surplus of K199.3 million in 2023.

## 6. MONETARY DEVELOPMENTS

### INTEREST RATES AND LIQUIDITY

The Central Bank maintained a tightening monetary policy stance in December 2024 to reduce the inflationary pressures coming from foreign inflation and the kina's depreciation under the crawling peg exchange rate arrangement. The Kina Facility Rate (KFR) was maintained at 4.0 percent in December. In September 2024, the Monetary Policy Committee (MPC) was formally established following an amendment to the Central Banking Act (CBA) 2000, which reaffirmed price stability as the primary objective of monetary policy. As the appointments of the MPC members were still pending, the Bank of PNG was unable to make monetary policy decisions during the December quarter. The margins for the standing overnight facilities of Repurchase (Repo) and Reverse Repo Agreements Facility (RRAF) were maintained at 150 basis points from the KFR.

Domestic weighted average interest rates for short-term securities generally increased for most maturities between the

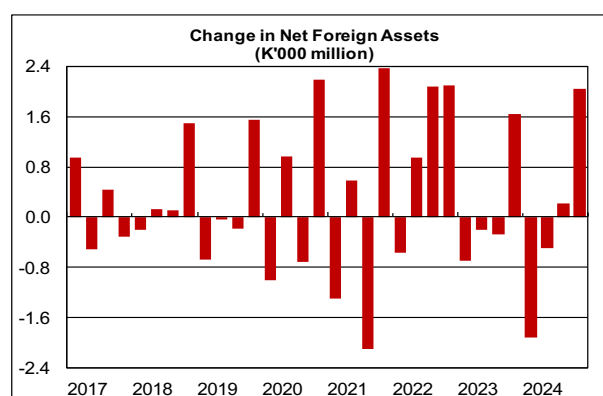
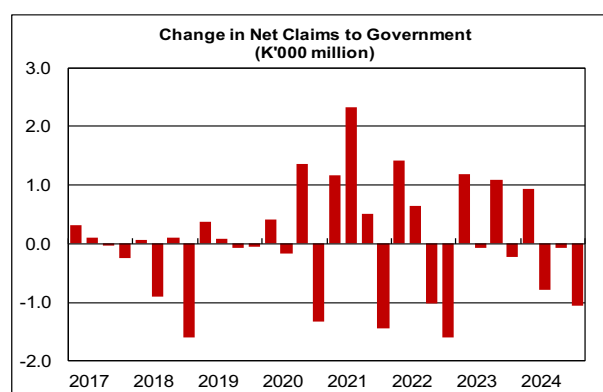
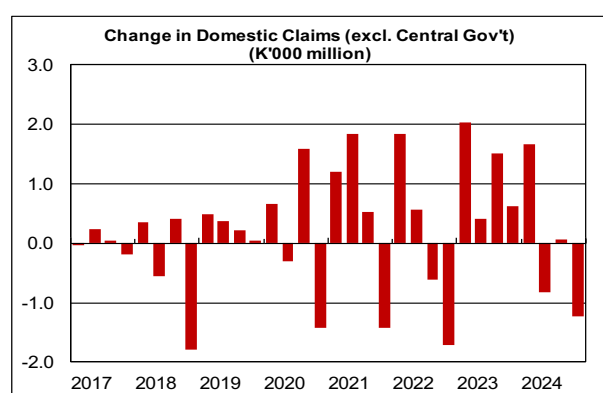
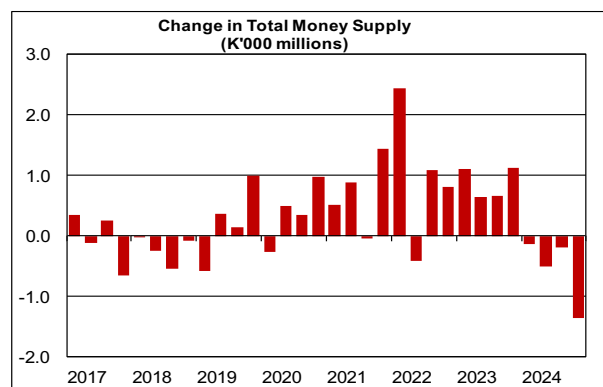




end of September and December 2024. The Bank at its open market operations continue to implement the Central Bank Bill (CBB) auction, with the issuance of the 7-day Fixed Rate Full Allotment (FRFA) of 4.0 percent, aligned to the KFR. The competitive auction for the 28-day term CBB reintroduced in September 2024 continued in the December quarter. The 28-day term CBB increased by 178 basis points to 4.13 percent. The Government's Treasury bill (T-bill) rates for the 91-day, 182-day, 273-day and 365-day terms increased by 31 basis points, 24 basis points, 57 basis points and 134 basis points to 3.85 percent, 5.72 percent, 6.47 percent and 8.65 percent, respectively.

The weighted average interest rates on commercial banks' large term deposits (K500,000 and above) increased for all terms over the December quarter of 2024, except for the 270-day and 360-day terms. The 30-day, 60-day, 90-day and 180-day term rates increased by 1 basis point, 304 basis points, 70 basis points and 15 basis points to 0.56 percent, 4.03 percent, 2.50 percent and 2.31 percent, respectively. The 270-day and 360-day terms decreased by 1 basis point and 53 basis points to 1.04 percent and 2.06 percent. The monthly weighted average interest rate on total loans decreased by 7 basis points to 8.10 percent during the December quarter of 2024, while the monthly weighted average rate for total deposits increased by 2 basis points to 0.30 percent. The Indicator Lending Rate (ILR) spread for commercial banks remained unchanged between 7.20 percent to 11.70 percent in the December quarter of 2024.

The Bank utilized its Open Market Operation (OMO) instruments in the conduct of monetary policy. Total average liquid asset holdings of the banking system declined by 4.6 percent to K13,765.9 million in the last quarter. Under the 7-day CBB FRFA,



there was a net injection of K158.7 million in the December quarter. A net retirement of K439.9 million in government securities reflected retirement of K1,095.4 million in Treasury Bonds (Inscribed Stock), which more than offset issuance of K655.5 million in T-bills. There were four interbank deals totaling K220 million done at the rate of 6.0 percent in the December quarter of 2024. Repo deals were seventy-six totaling K13.8 billion and reverse repo transactions were fifty-seven totaling K5.5 billion. The repo and reverse repo deals were all overnight deals at the rates of 5.50 percent and 2.50 percent, respectively. Some banks were borrowing above the repo rate of 5.50 percent, which is outside the interest rate corridor. The Cash Reserve Requirement (CRR) on commercial banks' deposits was maintained at 12.0 percent in the December quarter of 2024.

## **MONEY SUPPLY**

The average level of broad money supply (M3\*) decreased by 4.1 percent in the December quarter of 2024, compared to a decrease of 1.4 percent in the previous quarter. This was mainly driven by 2.3 percent decrease in the average net domestic assets (NDA) of the banking system, which more than offset an increase of 0.9 percent in the average net foreign assets (NFA). The average net domestic claims, excluding average net claims on Central Government, declined by 2.5 percent in the December quarter of 2024, compared to an increase of 1.2 percent in the previous quarter. This reflected decreases in average claims on the private sector, other financial corporations, 'Provincial and Local Level Governments' and public non-financial corporations.

The average level of monetary base (reserve money) increased marginally by 0.1 percent in the December quarter of 2024, compared to an increase of 5.5 percent in

the previous quarter. This reflected an increase in currency in circulation issued by the Central Bank, which more than offset a decline in liabilities to other depository corporations (ODCs) held at the Central Bank, mainly ESA deposits of commercial banks.

The average level of narrow money supply (M1\*) decreased by 2.3 percent in the December quarter of 2024, compared to a decrease of 1.9 percent in the previous quarter. This was due to a decrease in the average level of transferable deposits, more than offset by an increase in currency outside depository corporations (DCs). The average level of quasi money declined by 16.0 percent in the December quarter of 2024, compared to an increase of 1.9 percent in the previous quarter.

The average level of deposits at other depository corporations (ODCs) declined by 5.0 percent to K33,840.9 million in the December quarter of 2024, from K35,640.1 million in the previous quarter. This reflected a decline in deposits by non-residents, Provincial and Local Governments, Central Government and other financial corporations, which more than offset increases from the public non-financial corporations and other depository corporations' sectors.

The NFA of Financial Corporations (FCs), comprising DCs and other financial corporations (OFCs), increased by 14.6 percent to K16,892.0 million during the December quarter of 2024, following an increase of 3.1 percent in the previous quarter. This resulted from an increase in the NFA of the DCs and OFCs. The increase in DC's NFA is mainly from the Central Bank's NFA resulting from PNG LNG tax proceeds, IMF loan drawdowns and Australian Government Budget Support funds. However, the NFA of ODCs declined due to a decrease in claims of non-residents, reflecting a reduc-

tion in foreign asset holdings. The increase in OFCs' NFA was due to higher claims on non-residents mainly reflecting an increase in superfunds' investments abroad.

Net claims on the Central Government by the FCs decreased by 0.8 percent to K20,589.5 million in the December quarter of 2024, compared to a decrease of 0.3 percent in the previous quarter. The decline mainly reflected net maturity of Government securities by the ODCs combined with drawdown of Government deposits.

## LENDING

In the December quarter of 2024, total domestic credit extended by FCs to the private sector, public non-financial corporations and 'Provincial and Local Level Governments' declined by 1.3 percent to K21,561.3 million, compared to an increase of 0.5 percent in the previous quarter. This reflected net repayments of K208.0 million, K63.1 million and K3.3 million from the private sector, public non-financial corporations and 'Provincial and Local Level Governments', respectively. The repayments from the private sector were mainly by the hotel and restaurant, transport and communication, forestry and finance sectors, and various other businesses.

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## 7. PUBLIC FINANCE

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Fiscal operations of the National Government in 2024 showed a deficit of K3,931.3 million, compared to a deficit of K4,804.6 million in the corresponding period of 2023.

Total revenue and grants in 2024 was K20,826.1 million, 5.1 percent higher than in 2023. The higher outcome reflected higher tax and non-tax receipts. Total tax revenue

was K18,447.0 million, 4.7 percent higher than the 2023 outcome. Other revenue was K1,198.5 million, 17.0 percent higher than in 2023. The higher outcome was attributed to higher dividend payments in 2024.

Direct tax receipts collected was K12,812.8 million, 5.8 percent higher than in 2023. This higher outcome was due to higher collections in personal income tax (PIT) and company income tax (CIT). The higher-than-expected performance in PIT reflected robust employment in both the public and private sectors. The increase in CIT was due to higher corporate earnings on the back of robust non-resource sector growth and the special banking tax on commercial banks.

Indirect tax revenue totaled K5,634.2 million, 2.2 percent higher than received in 2023. The increase was driven by higher collections in import tax, excise duties and export tax by 19.6 percent, 39.8 percent and 6.5 percent, respectively. This was attributed to the restoration of excise on fuel products following the exemptions in June 2023 as part of the government's fiscal household relief assistance package. Import and export duties increased due to broad improvement in trade activities. Goods & services tax declined by 12.4 percent and this was attributed to lower GST collections from the provinces and ports. This was attributed to the challenges that new agencies faced in the implementation of GST Section 65A and the delay in its roll-out to subnational government.

Total non-tax revenue was K1,198.5 million, 17.0 percent higher than the 2023 outcome. This increase was due to higher dividend collections mainly from the mining and petroleum sectors. Donor support was

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higher by 1.9 percent, compared to 2023.

Total expenditure in 2024 was K24,757.4 million, 0.6 percent higher than the spending in 2023. Total operational expenditure was K16,189.5 million, 7.3 percent higher than the 2023 outcome. The increase was driven by increases in Compensation of Employees (COEs) reflecting increased teachers' salaries (under new pay structure for elementary teachers), village court officials' monthly wages, health workers, and law enforcement personnel. Additionally, goods and services expenses such as utilities, rentals (mainly clearing of arrears) and exit retirement payments, education subsidies and debt service obligation also contributed to this increase.

Total development expenditure was K8,567.9 million, 10.1 percent lower than in 2023. Of the total capital expenditure, K6,388.3 million is funded by the Government with the remainder from donors and development partners through grants and concessional loans. The lower outcome was due to lower capital investment on national and provincial projects, partly due to implementation capacity issues, project readiness, procurement processes, or slower-than expected disbursements from

development partners that posed challenges for full delivery.

The deficit of K3,931.3 million was financed from external and domestic sources of K2,302.0 million and K1,629.3 million, respectively. Net domestic financing constituted K2,087.6 million, K1,574.3 million and K157.8 million by OFCs, Other resident sectors and Bank of PNG, respectively. These more than offset net retirements of Government securities of K2,180.4 million and K10.0 million by ODCs and public non-financial corporations. Net external financing comprised K2,442.3 million from extraordinary sources, which more than offset external loan repayments of K96.7 million and K43.6 million to concessional and commercial sources, respectively.

Total public (Government) debt outstanding as at the end of 2024 fiscal year was K60,477.5 million, and is 49.4 percent of nominal GDP. The debt comprised of K31,192.8 million from domestic sources and K29,284.6 million from external sources. Total Government deposits at depository corporations increased by K109.7 million to K6,515.3 million between September and December 2024. This reflected the placement of government deposits at ODCs.

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## MONETARY DEVELOPMENTS FINANCIAL SOUNDNESS INDICATORS (FSI)

### OVERVIEW

The Bank of PNG continues to maintain its regulatory role in promoting financial system resiliency and stability while aiming at promoting economic growth. In doing so, the Bank closely assesses, monitors and mitigates risks at the institutional level through both onsite and offsite supervision. At the macro level, the Bank also extends its surveillance by measuring the soundness of the overall financial system using the FSIs for capital adequacy, asset quality, liquidity, profitability, and market sensitivity.

In light of the ongoing global shocks and the domestic macroeconomic and fiscal challenges, the PNG's financial system continues to remain stable and resilient in fulfilling its financial intermediary role in the economy. This is demonstrated by efficient financial system technology and infrastructure, increased lending, high asset quality and growth, sustained profitability, and high liquidity and capital levels.

In the December quarter of 2024 (reporting quarter), FSIs have moved moderately. For Other Deposit Corporations (ODCs), the capital adequacy indicators have increased steadily. Liquidity level has experienced an upward growth, while asset quality remained strong. Actual ROA and ROE have declined. In addition, the market risk related to foreign currency accounts was managed well due to high capital levels in the domestic financial system. For Other Financial Corporations (OFCs), the superannuation industry's short-term payout ability has deteriorated along with lower actual ROA. For the life insurance sector, both the ROA and ROE have increased steadily along with

higher financial leverage.

### SOUNDNESS OF PNG's FINANCIAL SYSTEM

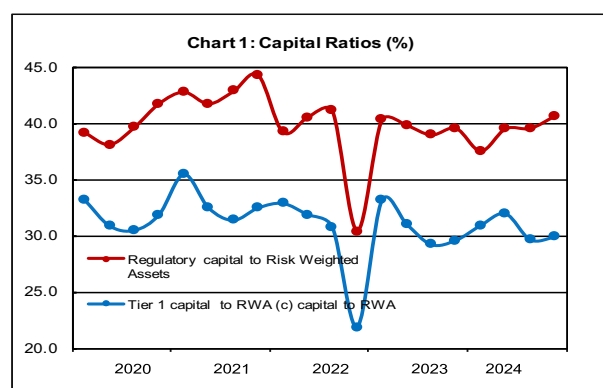
#### 1.0 BANKS/ODCs

#### Capital Adequacy Ratio (CAR) - Capital Measures

#### Regulatory Capital to Risk Weighted Assets (RWA) and Regulatory Tier 1 Capital to Risk Weighted Assets (RWA).

The CAR trend continued to move well above the regulatory limits, indicating that the banking system remains well capitalised to absorb any adverse shocks from its risky assets on its balance sheet.

In the December quarter of 2024, both the Regulatory Capital to RWA and Tier 1 Capital to RWA ratios have increased slightly to 40.7 percent and 29.9 percent, respectively, compared to 39.6 percent and 29.7 percent recorded in the previous quarter (Figure 1). The growth in CAR is attributed to an increase in both the Tier 1 and Tier 2 Capital levels and the RWA.

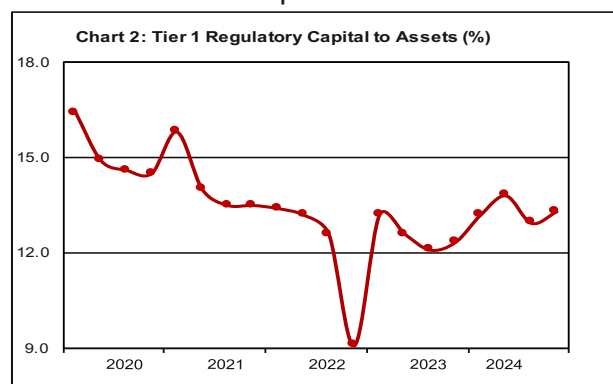


Banks continued to maintain high financial leverage for asset financing, expansion and growth.



## Tier 1 Capital to Total Asset

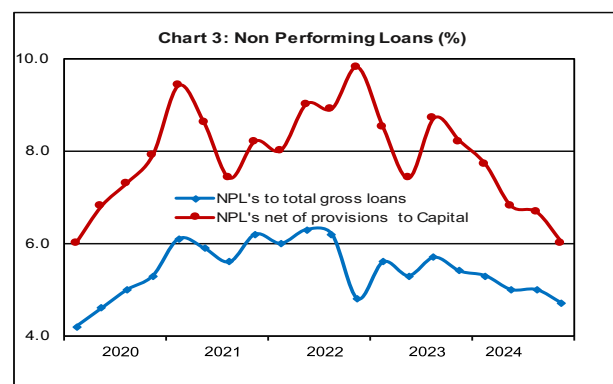
Tier 1 Capital to Total Asset ratio increased slightly to 13.3 percent in the December quarter of 2024, compared to 12.9 percent in the previous quarter, as a result of an increase in Tier 1 Capital.



## Non-Performing Loans (NPLs) Net of Provision to Capital

The NPLs Net of Provision to Capital ratio has continued to decline since 2023 due to sufficient capital in the domestic banking system.

In the December quarter of 2024, the ratio declined to 6.0 percent, compared to 6.7 percent in the previous quarter. The growth was mainly driven by a decline in NPLs Net of Provision as a result of a decrease in the NPLs (Figure 3).

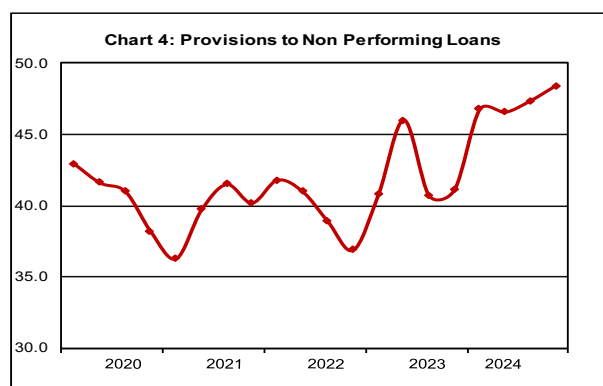


## Asset Quality Measures

### Provision to Non -Performing Loans (NPLs) and Non- Performing Loans to Total Gross Loan

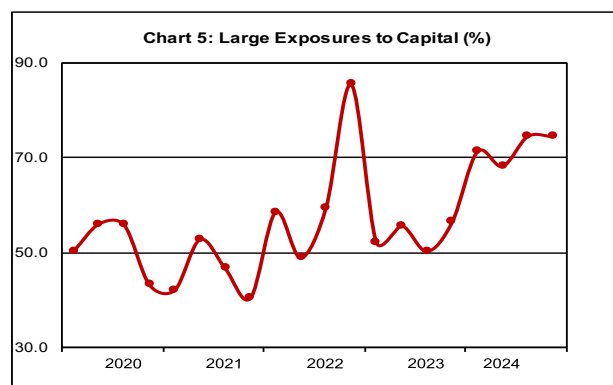
NPLs have maintained steady growth since 2021. This outcome has amounted to strong asset quality, as banks ensure bad loans are recouped to manage NPLs.

The Provision to NPLs ratio has increased to 48.4 percent in the December quarter of 2024, compared to 47.3 percent in the previous quarter. The growth was driven by a decrease in both the Provision and NPLs volume. The ratio of NPLs to Total Gross Loans declined marginally to 4.7 percent, compared to 5.0 percent in the previous quarter (Figure 4).



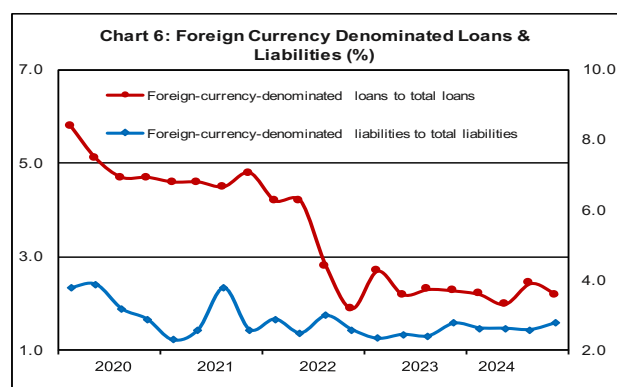
## Large Exposures to Tier 1 Capital

The ratio of Large Exposures to Tier 1 Capital remained unchanged at 74.5 percent in the December quarter of 2024, the same as previous quarter (Figure 5). This growth was attributed to a proportional increase in both the value of large exposures and Tier 1 Capital.



### Foreign Currency (FC) Loans to Total Loans & Foreign Currency (FC) Liabilities to Total Liabilities

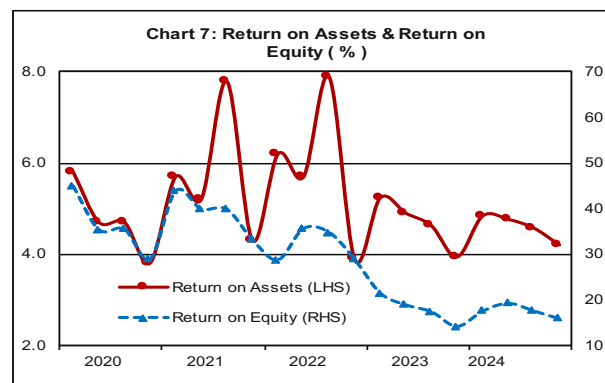
FC3 Denominated Loans to Total Loans ratio slightly decreased to 2.2 percent in the December quarter of 2024, compared to 2.4 percent in the previous quarter, due to a fall in import demand. The FC Denominated Liabilities to Total Liabilities ratio has increased to 2.8 percent in the December quarter of 2024, compared to 2.6 percent in the previous quarter, due to an increase in FC Deposits from export proceeds (Figure 6).



### Earnings and Profitability Measures

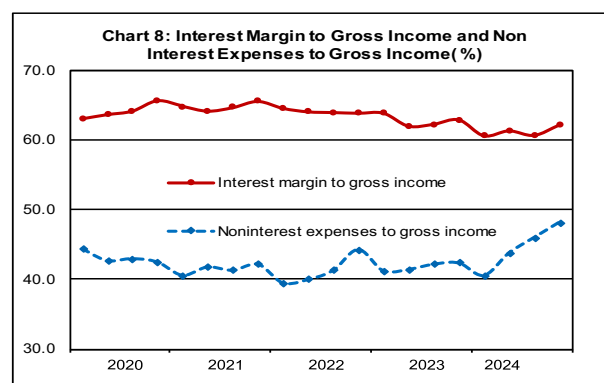
#### Return on Asset (ROA) and Return on Equity (ROE)

In the December quarter of 2024, both the actual Return on Assets (ROA) and Return on Equity (ROE) were at 4.2 percent and 15.8 percent, respectively, lower than the annualised figures of 4.6 percent and 17.5 percent from the previous quarter (Figure 7).



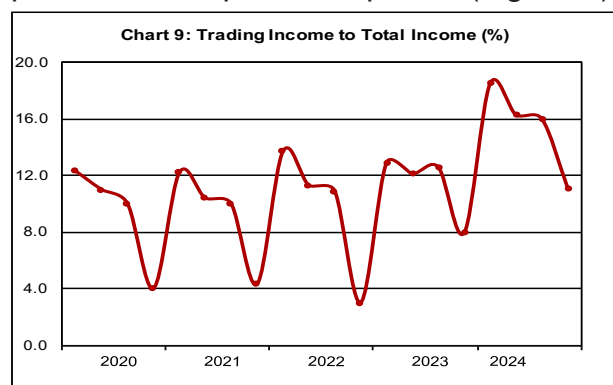
#### 'Interest Margin and Non- Interest Expenses' to Gross Income

Interest Margin to Gross Income ratio increased to 62.8 percent in the December quarter of 2024, compared to 60.7 percent in the previous quarter, driven by an increase in interest margin, primarily stemming from higher interest income. The ratio of Non-Interest Expenses to Gross Income also increased further to 48.2 percent, compared to 46.0 percent in the previous quarter, due to an increase in operational costs (Figure 8).



## Trading Income to Total Income

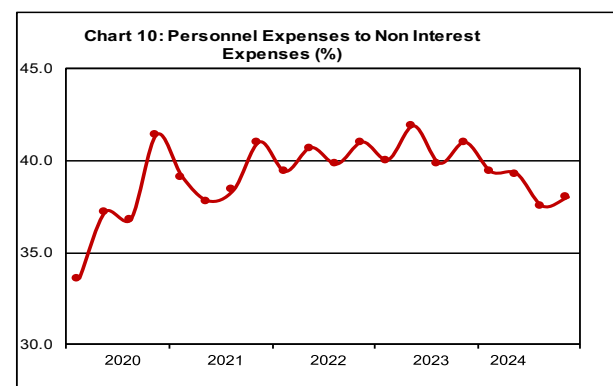
The Trading Income to Total Income ratio further declined to 11.1 percent in the December quarter of 2024, compared to 16.0 percent in the previous quarter (Figure 9).



This outcome was driven by the decline in trading income as a result of lower foreign exchange revaluation.

## Personnel Expenses to Non-Interest Expenses

In the December quarter of 2024, the Personnel Expense to Non-interest Expense ratio increased to 38.0 percent, compared to 37.5 percent in the previous quarter, mainly due to an increase in the operational costs (Figure 10).



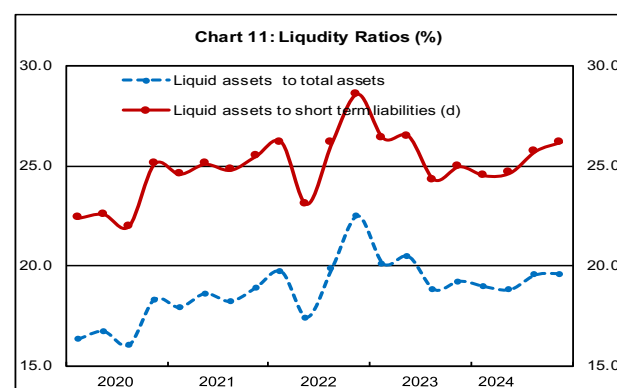
## Liquidity Measures

### Liquid Assets to Total Assets and Liquid

## Assets to Short- term Liabilities

The liquidity indicators continued to reflect a sound liquidity position of the banking system in the medium to long term, but short-term liquidity concerns need to be monitored.

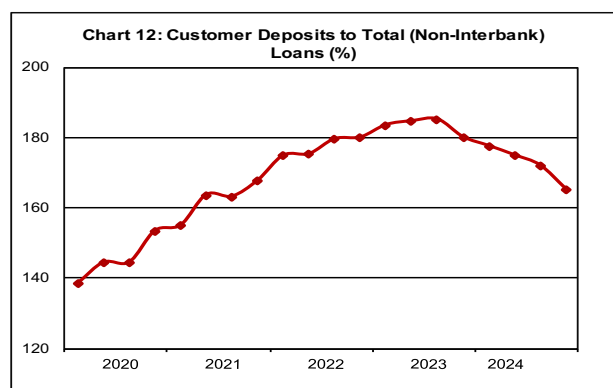
In the December quarter of 2024, the Liquid Assets to Total Assets increased steadily to 19.6 percent, compared to 19.5 percent registered in the previous quarter. The ratio of Liquid Assets to Short Term Liabilities also increased to 26.2 percent, compared to 25.7 percent in the previous quarter (Figure 11).



In volume, the total liquid assets declined during the reporting quarter following a lower growth in cash and cash at affiliated banks.

## Customer Deposits to Total (Non-Inter-bank) Loans

Although the Customer Deposits to Total Loans ratio has been gradually declining, the ratio still trends higher, indicating a strong liquidity position and lending ability. In the December quarter of 2024, the Customer Deposits to Total Loans ratio has further declined to 165.4 percent, compared to 172.1 percent in the previous quarter (Figure 12).



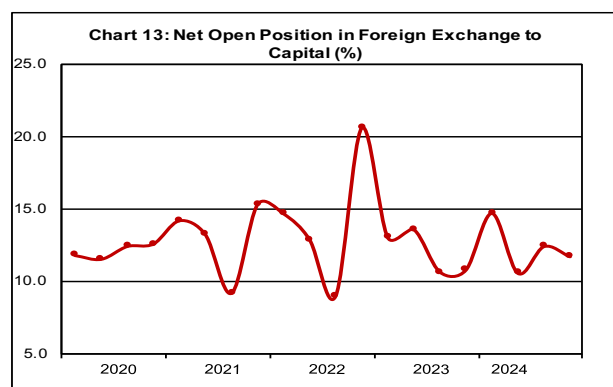
This was primarily underpinned by a decline in customer deposits, due to lower growth in liquid asset classes.

### Sensitivity to Market Risk Measures

#### Net Open Position (NOP) in Foreign Exchange (FX) to Capital

The Net Open Position in FX to Capital ratio continued to trend positively, indicating high capital levels in the financial system that can absorb losses in the FX related transactions.

The ratio of NOP in FX to Capital has decreased to 11.7 percent in the December quarter of 2024, compared to 12.4 percent in the previous quarter, driven by an increase in FC liabilities.

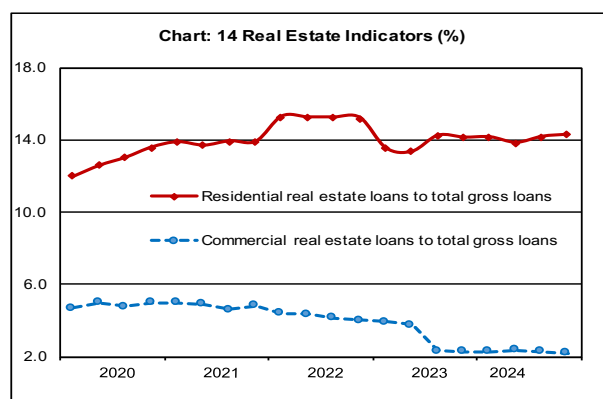


### Real Estate Market Measures

#### Residential Real Estate Loans to Gross Loans and Commercial Real Estate Loans to Total Gross Loans

Real estate loans have grown steadily since mid-2023 given stable loan demand in the real estate industry.

In the December quarter of 2024, the Residential Real Estate Loans to Gross Loans ratio has increased slightly to 14.3 percent, compared to 14.2 percent in the previous quarter. The ratio of Commercial Real Estate Loans to Total Gross Loans has decreased slightly to 2.2 percent in the December quarter, compared to 2.3 percent in the previous quarter (Figure 14).



The movements in both indicators reflect stable real estate demand.

### 2.0 OTHER FINANCIAL CORPORATIONS (OFCs)

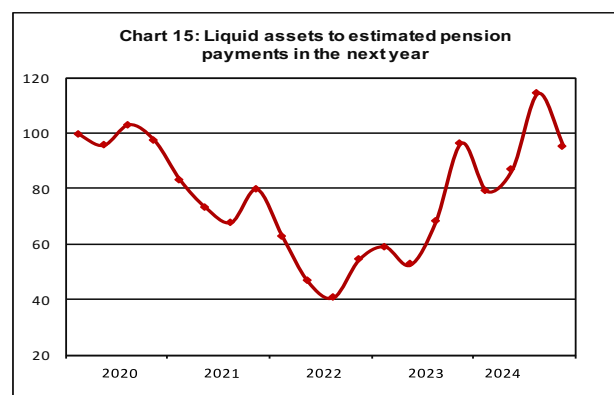
The soundness of the OFCs is assessed and measured by Profitability, Liquidity, and Total Assets as the main indicators under the Authorised Superannuation Funds (ASFs) and the Life Insurance sector.

## AUTHORISED SUPERANNUATION FUNDS (ASFs) INDUSTRY

Assets in the Superannuation industry have exceptionally grown well over the years. To maintain growth and operations with minimal risk, the ASFs must maintain adequate liquidity to meet both their short and long-term funding obligations while ensuring to attain high investment returns.

### Liquid Assets to Estimated Pension Payment for the Next Year

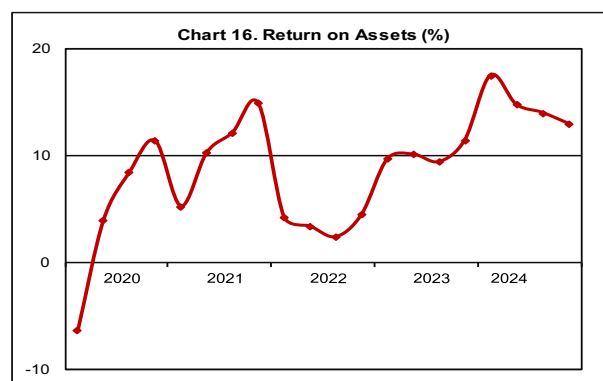
In the December quarter of 2024, the Liquid Assets to Estimated Pension Payment ratio for the Next Year has declined to 95.1 percent, compared to 114.0 percent in the previous quarter (Figure 15).



The growth was mainly driven by an increase in cash and net receivables.

### Return on Asset (ROA)

In the December quarter of 2024, the actual ROA was at 13.0 percent, compared to 14.0 percent annualised in the previous quarter (Figure 16). The growth was attributed to an increase in the net income before tax.



## LIFE INSURANCE SECTOR

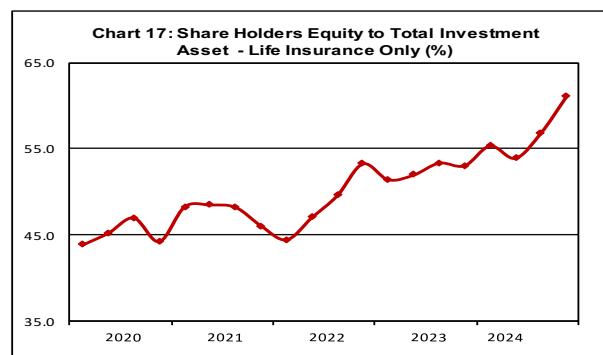
Similar to ASFs, the Life Insurance sector needs to maintain adequate liquidity to sustain the operation while swiftly making payouts to the policyholders. The sector must also ensure that investment returns from the key asset classes are sufficient to maintain profitability and solvency.

### Earning and profitability

#### Shareholder Equity to Total Invested Assets

Since 2021, the Shareholder Equity (Capital) to Total Invested Assets ratio has been increasing steadily, demonstrating an increase in the financial leverage ability.

In the December quarter of 2024, the ratio further increased to 61.1 percent, compared to 56.8 percent in the previous quarter (Figure 17).



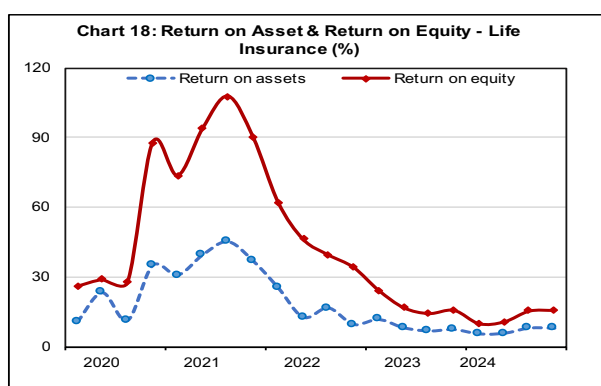


The growth was underpinned by continued increases in capital & reserves.

### Return on Asset (ROA) & Return on Equity (ROE)

In the December quarter of 2024, actual ROA and ROE were at 7.9 percent and 15.8 percent, respectively, higher than the 8.0 percent and 15.5 percent annualised in the previous quarter. The growth was underpinned by higher net income generated

from the key investment asset classes.



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**FOR THE RECORD**
**MONTHLY KINA FACILITY RATE ANNOUNCEMENTS**

The Central Bank introduced the Kina Facility Rate (KFR) in February 2001 as the official rate to indicate its stance of monetary policy. The KFR is a monthly rate and any changes to it should translate to changes in market interest rates. Changes to the KFR is based on assessment of economic fundamentals consistent with the overall objective of monetary policy of price stability in the economy. From January 2019, the KFR announcements by the Bank were;

2022	03 January	Maintained at 3.00%
	07 February	Maintained at 3.00%
	07 March	Maintained at 3.00%
	04 April	Maintained at 3.00%
	02 May	Maintained at 3.00%
	06 June	Maintained at 3.00%
	04 July	Increased to 3.25%
	01 August	Maintained at 3.25%
	05 September	Maintained at 3.25%
	03 October	Maintained at 3.25%
	07 November	Maintained at 3.25%
	05 December	Maintained at 3.25%
2023	03 January	Increased to 3.50%
	06 February	Maintained at 3.50%
	06 March	Maintained at 3.50%
	05 April	Maintained at 3.50%
	03 May	Maintained at 3.50%
	07 June	Maintained at 3.50%
	05 July	Maintained at 3.50%
	02 August	Maintained at 3.50%
	06 September	Lowered to 3.00%
	02 October	Lowered to 2.50%
	06 November	Maintained at 2.50%
	04 December	Maintained at 2.50%
2024	08 January	Maintained at 2.50%
	05 February	Lowered to 2.00%
	04 March	Maintained at 2.00%
	01 April	Maintained at 2.00%
	06 May	Increased to 2.50%
	03 June	Maintained at 2.50%
	01 July	Maintained at 2.50%
	05 August	Increased to 3.00%
	02 September	Increased to 4.00%
	07 October	Maintained at 4.00%
	04 November	Maintained at 4.00%
	02 December	Maintained at 4.00%

For details of the KFR, see Table 7.3 (S46) of the QEB. KFR announcements prior to January 2019 are reported in various bulletins starting with the March 2001 QEB.

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## GLOSSARY OF TERMS AND ACRONYMS

<b>Balance of Payments</b>	A statistical statement that systematically summaries a country's economic transactions with the rest of the world, over a specific time period. It comprises the Current and Capital and Financial Accounts.
<b>Broad Money Supply (M3*)</b>	Total volume of money comprising narrow money (M1*) and quasi money in the economy at a point in time. See 'narrow' and 'quasi' money.
<b>Cash Reserve Requirement (CRR)</b>	A requirement imposed on commercial banks to hold cash as a percentage of total deposits and other prescribed liabilities at all times.
<b>Capital Account</b>	Records all transactions that involves the receipts or transfers of capital and acquisitions/disposal of non-produced, non-financial assets such as purchase of production facilities, i.e. plants and machinery, etc.
<b>Capital to assets</b>	Reflects that the sum of share equity and other funding sources fund assets. Also reflects the ability of the domestic money banks' ability to secure funds in the event of a drain on capital
<b>Central Bank (CB)</b>	The Bank of Papua New Guinea (BPNG) is the monetary authority in Papua New Guinea (PNG) that has legislative power over the financial system and is responsible for issuing currency, managing international reserves, undertakes transactions with the IMF and providing credit to the commercial banks.
<b>Central Bank Bill (CBB)</b>	A monetary policy instrument of the Bank of PNG used to manage liquidity in the banking system by either injecting or defusing it in order to achieve a desired level of interest rate.
<b>Central Bank Survey (CBS)</b>	The CBS is the balance sheet of the Central Bank, which contains data on all components of the monetary base, comprising of currency in circulation and central bank

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	liabilities to ODCs and other sectors. This measures banks' exposure to the commercial real estate market relative to total loans outstanding.
<b>Current Transfers Account</b>	Records all foreign transactions that are not transfers of capital and cannot be repaid. This includes donations, gifts and grants, superannuation funds and licensing fees.
<b>Commercial real estate loans to total gross loans</b>	This measures banks' exposure to the commercial real estate market relative to total loans outstanding.
<b>Customer deposits to total (non-interbank) loans</b>	Is a measure of funds available for new loans.
<b>Depository Corporations Survey (DCS)</b>	The survey is a consolidation of the CBS and the ODCS, which contains data on all depository corporations' liabilities in the national definition of broad money and data on depository corporations, assets that are claims on (i.e credit) other sectors of the economy, including the external sector.
<b>Deposits</b>	Deposits include all claims on the Bank of PNG and ODCs. These are further classified into transferable and other deposits.(i). Transferable deposits comprises all deposits that are: a). Exchangeable on demand at par and without penalty or restrictions; b). Directly usable for making payments by cheque, draft direct debit/credit or other direct payment facilities. (ii) Other deposits comprise all claims, other than transferable deposits. These include savings and term deposits and non transferable deposits in foreign currency.
<b>Exchange Settlement Account (ESA)</b>	Accounts of the commercial banks with the Bank of PNG for settlement transactions with each other.
<b>Exclusion-based CPI measure</b>	An underlying inflation measure which involves zero weighting of volatile sub-groups or items such as fruit & vegetables, betelnut and prices that are largely determined by non-market (seasonal) forces, as well as alcoholic drinks, cigarettes & tobacco, etc. See 'Underlying CPI'. Records all transactions associated with changes of ownership of foreign financial assets such as holdings of monetary gold, special drawing rights (SDR), claims on non-residents and foreign liabilities.
<b>Financial Account</b>	Records all transactions associated with changes of ownership of foreign financial assets such as holdings

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of monetary gold, special drawing rights (SDR), claims on non-residents and foreign liabilities.

**Financial Corporation Survey (FCS)**

The FCS is the broadest set of monetary and financial statistics in terms of institutional coverage. The survey contains consolidated balance sheet data for all institutional units within the financial corporations sector, thereby providing the stock and flow data for analyzing claims on and liabilities to all other sectors of the economy, including the external sector.

**Financial Derivatives**

A financial instrument linked to a specific financial instrument, indicator or commodity and through which specific financial risks (such as interest rates, currency equity and commodity price risk, credit risk, etc.) can be traded in their own right in financial markets.

**Foreign-currency-denominated liabilities to total liabilities**

This measures the relative importance of foreign currency funding within total liabilities. The magnitude of this ratio should be considered together with the value of the foreign-currency denominated loans to total loans.

**Foreign-currency-denominated loans to total loans**

This measures the relative size of the foreign currency loans relative to total loans. Particularly where domestic lending in foreign currencies is permitted, it is important to monitor this ratio because of the increased credit risk associated with the ability of the local borrowers to service their foreign currency denominated liabilities, predominantly in the context of large devaluations.

**Gross asset position in financial derivatives to capital**

Is intended to gauge the exposure of deposit money banks asset positions in financial derivatives relative to capital.

**Gross liability position in financial derivatives to capital**

Is intended to provide an indication of the exposure of deposit money banks financial derivative liability positions relative to capital.

**Headline Consumer Price Index (CPI)**

A measure of inflation as calculated and published quarterly by the National Statistical Office (NSO), which measures the total price movements in goods and services in the basket.

**Income Account**

Records transactions such as compensation of employees, which cover wages, salaries, and other benefits in cash and kind, dividends and interest earned on investments

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	between PNG and the other countries.
<b>Inscribed Stock (bond)</b>	A Government debt instrument sold to the public for a maturity term of one year or longer for Budget financing.
<b>Insurance Technical Reserves</b>	Comprises of (i) net equity of households in life insurance corporations reserves,(ii) net equity of households in superannuation (pension) funds and (iii) prepayment of premiums. This is the major liability item of the superannuation funds and insurance corporations. On the assets side, this category records prepaid insurance premiums, which are relatively small amounts.
<b>Interest margin to gross income</b>	A measure of the share of net interest income earned relative to gross income
<b>Kina Facility Rate (KFR)</b>	Official benchmark rate used by the Bank of PNG to signal its monetary policy stance. The KFR is announced monthly by the Governor and published in the newspapers and on the Bank's website.
<b>Large exposures to capital</b>	Identifies vulnerabilities arising from the concentration of credit risk. Large exposure refers to one or more credit exposures to the same individual or group that exceed a certain percentage of regulatory capital, such as 10 percent.
<b>Liquid Assets</b>	Assets of the commercial banks, which are in near liquid form, comprising cash, ESA balances, CBBs, Treasury bills and Inscribed stocks less than 3 years to maturity.
<b>Liquid assets to short-term liabilities</b>	Measures liquidity mismatch between assets and liabilities, and indicates the deposit money banks' ability to meet short-term withdrawal of funds and their ability to replenish without facing liquidity problems.
<b>Liquid assets to total assets</b>	Is an indicator of the liquidity available to meet expected and unexpected demands for cash by the deposit money banks.
<b>Minimum Liquid Asset Ratio (MLAR)</b>	A prudential requirement imposed by the Bank of PNG on commercial banks to hold liquid assets as a percentage of total deposits.

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	its and other prescribed liabilities at all times.
<b>Monetary Base (or Reserve Money)</b>	Comprised of currency held by the public and liquid assets of the commercial banks, including deposits held with the Bank of PNG under the Repurchase Agreement Facility (RAF) or Repos.
<b>Narrow Money</b>	A component of total money supply that is considered liquid or can be converted easily to cash on demand, and comprises of currency in circulation (held outside the banking system) and demand deposits.
<b>Net Equity of Households in Life Insurance Reserves</b>	Comprised of policyholders claims on the reserves of insurance corporations. These reserves must be ultimately used to provide benefits to policyholders, upon the occurrence of other specified events, or to compensate heirs upon the death of the policyholder. These claims constitute assets of the household sector rather than of insurance corporations.
<b>Net Equity of Households in Pension Funds</b>	Comprised policyholders' claims on pension funds. These reserves must be ultimately used to provide benefits to policyholders upon their retirement or to compensate heirs upon death of the policyholder. Pension funds are considered assets of the household sector rather than assets of the institutional units that manage the funds. Pension funds do not include social security funds, which are considered part of the general government sector.
<b>Net open position in foreign exchange to capital</b>	This ratio measures deposit money banks foreign exchange risk exposure compared to the capital base.
<b>Net open position in foreign exchange to capital</b>	Identifies deposit money banks' exposure to exchange rate risk from mismatch (open position) of foreign currency asset and liability positions.
<b>Non-interest expenses to gross income</b>	Measures the size of administration expenses relative to gross income.
<b>Non-performing loans net of provisions to capital</b>	Measures the net impact on the capital base of the deposit money banks after all non-performing loans have been appropriately provisioned.
<b>Non-performing loans to total gross</b>	The portion of bad loans in relation to total loans

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<b>loans</b>	by deposit money banks. Is the measure of asset quality relative to its total loan book.
<b>Open Market Operations (OMO)</b>	Operations of liquidity management conducted by the Bank of PNG with commercial banks and other financial intermediaries involving Government securities, CBB, Repos and foreign exchange trading to influence short-term interest rates.
<b>Other Depository Corporations (ODCs)</b>	The ODC sub-sector in PNG comprises of the commercial banks, finance companies, merchant banks, savings and loans societies and micro-finance companies. These financial corporations are mainly engaged in financial intermediation and issue liabilities included in the definition of broad.
<b>Other Depository Corporations Survey (ODCS)</b>	The ODCS shows the consolidated stock and flow balance sheet data for the institutional units covered under the ODC sub-sector.
<b>Other Financial Corporations (OFCs)</b>	The OFC sub-sector is made up of the insurance corporations, superannuation (pension) funds, other financial intermediaries and financial auxiliaries such as insurance brokers, investment managers and fund administrators.
<b>Other Financial Corporations Survey (OFCS)</b>	The OFCS contains consolidated stock and flow balance sheet data for insurance corporations, superannuation funds, other financial intermediaries and financial auxiliaries.
<b>Over the year CPI</b>	Percentage change in the CPI of a quarter compared to the corresponding quarter of the previous year (Also called 'annual' CPI).
<b>Personnel expenses to non-interest expenses</b>	Measures the incidence of personnel costs in total administrative costs.
<b>Portfolio Investment</b>	Investments, mainly in equity and debt securities such as bonds and notes, money market debt instruments and financial derivatives, as well as long-term debt, equity and securities.
<b>Prepayment of Premiums and Re-</b>	These are current claims of policyholders rather

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**serves against Outstanding Claims**

than net equity of insurance corporations. Prepayments of premiums, which are made by customers at the beginning of the periods covered by their policies, generate reserves for insurance corporations. Such prepayments are considered to be earned by an insurance corporation on a prorated basis during the policy period. These reserves are assets of policyholders. Reserves against outstanding claims are funds set aside by insurance corporations to cover the amounts that are not settled or claims that may be disputed. Reserves against such outstanding claims are considered to be assets of the beneficiaries and liabilities of the insurance corporation. Policy benefits due to claimants are considered assets of the claimants. Until actually paid, these assets are held by insurance corporations as reserves.

**Public non-financial corporations**

Public non-financial corporations are resident non-financial corporations and quasi-corporations controlled by government units. Control may be exercised through ownership of more than half the voting shares, legislation, decree, or regulation that establish specific corporate policy or all the government to appoint the directors. In PNG this would include those institutions that are controlled by the Independent Public Business Corporation (IPBC).

**Quasi Money**

A component of total money supply that is not easily convertible to cash on demand and comprises of savings and term deposits. Synonymous to Capital Adequacy Ratio (CAR). A regulatory requirement for banks to maintain certain amount of capital against their risk exposures. The required capital will cushion out any operational losses incurred by banks. Reflects vulnerability of the capital base of deposit money banks relative to the assets which are discounted by risk weights. For instance, Government securities have zero percent risk while private sector borrowing has 100 percent risk.

**Regulatory capital to risk-weighted assets**

Also known as Tier 1 Capital Ratio. It reflects the vulnerability of core Tier 1 capital

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-that is its equity and disclosed reserves to total risk-weighted assets. It is a key measure of a bank's financial strength that has been adopted as part of the Basel III Accord on bank regulation.

**Repurchase Agreement Facility (RAF)**

A money market instrument used by Bank of PNG to lend to or borrow from the commercial banks, for liquidity management, and is unwound on maturity. The terms range from overnight to 14 days and can be collateralised, for instance, using Treasury bills.

**Residential real estate loans to total gross loans**

This is intended to identify deposit money banks' exposure to the residential real estate sector, with the focus on household borrowers.

**Return on assets**

Measures deposit money banks efficiency in using their assets in optimizing or maximizing its income.

**Return on equity**

Measures shareholders value of its investment or the deposit money banks performance in comparison to shareholder liabilities.

**Sectoral distribution of loans to total loans**

Measures the distribution of loans to resident sectors and non-residents by economic sectors classified by standard industrial trade classification

**Securities other than Shares**

These are negotiable instruments serving as evidence that units have obligations to settle by means of providing cash, a financial instrument, or some other items of economic value. Common securities in PNG include treasury bills and inscribed stocks issued by the Government and Central Bank Bills (CBBs) issued by the Bank of PNG.

**Shares and Other equity**

Shares and other equity comprises all instruments and records acknowledging, after claims of all creditors have been met, claims on the residual value of a corporation. The components of shares and other equity include: (a). Funds contributed by owners; (b). Retained earnings; (c). Current year profit and loss; (d). General and special reserve; and (e). Valuation adjustments.

**Tap Facility**

A facility conducted by the Bank of PNG for sale of Treasury bills and Inscribed stocks to the public.



<b>Temporary Advance Facility</b>	A statutory mechanism stipulated under Section 54 of the Central Banking Act 2000, that provides the National Government with access to short-term financing to meet mismatches in revenue.
<b>Trading income to total income</b>	Is the share of deposit money banks income from financial market activities, including currency trading, relative to total income.
<b>Trade Account</b>	Records all economic transactions associated with merchandise exports and imports of physical goods.
<b>Trade Weighted Index</b>	The Trade Weighted Index (TWI) measures the value of the kina against a basket of currencies of PNG's major trading partners.
<b>Treasury Bill</b>	Government security or debt instrument sold at a discount value, but redeemed at face value on maturity or purposes of Budget financing. In PNG, Treasury bills are issued for 28, 61, 91, 182 and 364 day maturities.
<b>Trimmed-mean CPI measure</b>	A fixed proportion of prices at each end of the distribution of price changes are zero weighted and the mean of the remaining price changes recomputed. See also 'Underlying CPI'.
<b>Underlying CPI (exclusion-based and Trimmed-mean CPI measures)</b>	A measure of inflation that excludes short-term volatile movements in prices, such as seasonal factors, Government policy decisions and price controlled items.

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## REFERENCE “FOR THE RECORD”

Some issues of the Quarterly Economic Bulletin contains a review of economic conditions of past quarters and a comprehensive set of updated statistical tables. Articles of special interest to current economic policy are also prepared by Bank Staff for inclusion in the bulletin. The following articles have appeared in the Quarterly Economic Bulletin since December 2000.

Issue	For the Record
Jun 2007	- Debt Ratios
Sep 2007	- Revisions to the Consumer Price Indices in June Quarter 2007 back to September Quarter 2005.
Mar 2008	- Updated Weights for the Trade Weighted Index (TWI)
Mar 2009	- Changed Monetary Policy Statement release month from January to March
Mar 2009	- Updated Weights for the Trade Weighted Index (TWI)
Dec 2009	- New Tables; 8.7, 8.8, 8.9 and 8.10 were included in the December Quarterly Economic Bulletin, resulting in subsequent renumbering of all other tables that follow.
Dec 2009	- Revisions to Monetary and Financial Statistics tables in the December 2009 Quarterly Economic Bulletin.
Jun 2010	- Expansion of Monetary and Financial Data Coverage.
Sep 2010	- Recalculation of months of import cover
Mar 2011	- Updated Weights of the Trade Weighted Index (TWI)
Mar 2013	- Updated Weights of the Trade Weighted Index (TWI)
Mar 2013	- Inclusion of Tables 4.16 and 4.17 for General Insurance Companies
Mar 2014	- Revised PNG Consumer Price Index Basket
Dec 2014	- Update to tables 8.1, 8.2, 8.3 & 8.5 to include Ramu Nickel/Cobalt
Dec 2014	- Inclusion of LNG & Condensate in tables 8.1, 8.2, 8.3 and 8.5
Dec 2014	- Commencement of Nickel and Cobalt production in December quarter of 2012.
	- PNG LNG Project commenced production and shipment in June quarter of 2014.
	- Updated Table 8.2: Exports Classified by Commodity Group
	- Updated Table 8.5: Non-Agricultural Exports – Quantities Exported of Major Commodities
Dec 2016	- Recalculation of import cover taking account of the service payments.
Dec 2019	- New GDP Tables; 9.11 and 9.12 were included in the December 2019 Publication.
Jun 2021	- Updated Weights for the Trade Weighted Index (TWI)
Sep 2021	- Inclusion of FSI Tables 5.1(Financial Soundness Indicators (%)) and Table 5.2 (Financial Soundness Indicators (%)) - Additional FSI)
Sep 2022	- PNG migrates from BPM5 To BPM6. BOP Tables with changes to Tables 9.1 (a) is in Standard presentation from which the QEB Text is derived. Table 9.1 (b) is the Analytical presentation.
Dec 2022	- Inclusion of FSI Table 5.3 (Financial Soundness Indicators (%)) - OFCs

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## REFERENCE

Each issue of the Quarterly Economic Bulletin contains a review of economic conditions for the past quarter and a comprehensive set of updated statistical tables. Articles of special interest to current economic policy are also prepared by Bank staff for inclusion in the Bulletin. The following articles have appeared in the Quarterly Economic Bulletin since December 2005.

Issue	Title
Dec 2009	The 2010 National Budget Article
Dec 2009	Monetary Policy Statement, March 2010
Mar 2010	Papua New Guinea's Total External Exposure
Sep 2010	Monetary Policy Statement, September 2010
Dec 2010	The 2011 National Budget Article
Dec 2010	Monetary Policy Statement, March 2011
Jun 2011	Papua New Guinea's Total External Exposure
Sep 2011	Monetary Policy Statement, September 2011
Dec 2011	The 2012 National Budget Article
Dec 2011	Monetary Policy Statement, March 2012
Mar 2012	Papua New Guinea's Total External Exposure
Sep 2012	Monetary Policy Statement, September 2012
Dec 2012	The 2013 National Budget Article
Mar 2013	Papua New Guinea's Total External Exposure
Sep 2013	Monetary Policy Statement, September 2013
Mar 2014	Papua New Guinea's Total External Exposure
Mar 2014	Monetary Policy Statement, March 2014
Jun 2014	Monetary Policy Statement, September 2014
Dec 2014	The 2015 National Budget Article
Mar 2015	Papua New Guinea's Total External Exposure
Dec 2015	The 2016 National Budget Article
Mar 2016	Papua New Guinea's Total External Exposure
Jun 2016	Monetary Policy Statement, September 2016
Dec 2016	The 2017 National Budget Article
	Monetary Policy Statement, March 2017
Mar 2017	Papua New Guinea's Total External Exposure
Sep 2017	Monetary Policy Statement, September 2017
Dec 2017	Monetary Policy Statement, March 2018
Mar 2018	Papua New Guinea's Total External Exposure
	The 2018 National Budget Article
Mar 2019	Papua New Guinea's Total External Exposure
Sep 2019	Monetary Policy Statement - March 2019
Mar 2020	Papua New Guinea's Total External Exposure
Sep 2020	Monetary Policy Statement - September 2020
Mar 2021	Papua New Guinea's Total External Exposure
Mar 2021	The 2021 National Budget Article
Sep 2021	The Financial Soundness Indicators (FSI)
Dec 2021	2022 National Budget

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# STATISTICAL SECTION

## Sources

Statistics for the commercial banks have been derived from returns submitted to the Bank. Statistics on Savings and Loan Societies and Papua New Guinea Government securities are derived from sources within the Bank.

Government financial statistics are supplied by the Department of Finance and Treasury. Information on prices of Papua New Guinea exports are gathered from marketing boards or export producers; world indicator prices are reproduced from the Public Ledger published in London. Tea prices are from the Tea Market Report, London. The general indices of commodity prices are constructed from data published in The Economist, London.

Most other statistics are published initially by the National Statistical Office.

## Symbols used

n.a	not available
..	figure less than half the digit shown
-	nil
e	estimate
f	forecast
p	provisional
r	revised
n.i.e	not included elsewhere

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